APPENDIX E

Testimony and Exhibits of Richard L. Ansaldo

Exhibit No. PA-301

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

New York Power Authority	)	Docket No. ER15-___-000

PREPARED DIRECT TESTIMONY OF RICHARD L. ANSALDO

ON BEHALF OF

NEW YORK POWER AUTHORITY

JULY 2, 2015

Exhibit No. PA-301

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

New York Power Authority) Docket No. ER15-___-000

PREPARED DIRECT TESTIMONY OF
RICHARD L. ANSALDO

Q. Please state your name and business address.

A. Richard L. Ansaldo, P.O. Box 2542, Albany, NY 12220.

Q. By whom are you employed and in what capacity?

A. I am a self-employed financial utility consultant. In this proceeding I am working with the consulting firm Nexant, Inc. and representing the New York Power Authority ("NYPA" or "Authority"). My experience, background and qualifications are provided as Exhibit No. PA-302.

<u>Purpose of Testimony</u>

Q. What is the purpose of your testimony?

A. My testimony provides support for (i) NYPA's requested 9.34% return on equity (or "ROE"); and (ii) a proposed 60% cap on the equity component of NYPA's capital structure. The ROE and capital structure are components of the overall rate of return ("ROR") that NYPA will earn on its transmission rate base through the formula rate which NYPA proposes to adopt in this filing.

<u>Overview Of Return On Equity For NYPA</u>

Q. What is the overall guiding principle that sets the standard for setting a fair and reasonable return on equity that should apply to NYPA?

A. First, and fundamentally, a reasonable ROE for NYPA should comply with the established standards of the U.S. Supreme Court decisions in *Hope* and *Bluefield* (*Federal Power Comm. v. Hope Nat. Gas Co.*, 320 U.S. 591, 603 (1944); *Bluefield Water Works and Improvement Co. v. Public Serv. Comm. of W. Va.*, 262 U.S. 679, 692-93 (1923)) for determining a fair and reasonable allowed ROE, which include consistency of the allowed return with other businesses having similar risk and the adequacy of the return to provide access to capital markets and support credit quality, with the end result leading to reasonable rate levels for customers.

Q. Please discuss any factors that are particularly relevant to setting a reasonable ROE for NYPA's transmission system, compared to setting an ROE for an investor-owned utility ("IOU").

A. As a New York State authority, NYPA is a special-purpose government entity whose mission is to provide clean, low-cost and reliable energy consistent with safety and a clean environment, while promoting economic and job development, energy efficiency, renewables and innovation for the benefit of its customers and all New Yorkers. NYPA is just like an IOU when it comes to the need to establish its own credit rating and to access capital markets. NYPA receives no tax revenues or "credits" from New York State. It finances its projects on its own with internally generated funds and bond sale proceeds from private investors. As discussed in the testimony of Mr. Thomas A. Davis, NYPA's Vice President of Financial Planning (Exhibit No. PA-101), NYPA is embarking on the upgrade and modernization of its transmission system and the deployment of advanced technologies to enhance transmission grid intelligence. NYPA does not have traditional common stock and its equity is retained income stated on its financial statements as "net position." NYPA has its own bond rating, currently "AA" with Standard & Poor's ("S&P") and "Aa1" with Moody's Investors Service ("Moody's"). NYPA's bonds are not guaranteed by the State of New York, which is also rated "AA" by the major rating agencies. Accordingly, NYPA must provide its own financial integrity through its own revenues. NYPA is a major state authority which has about $1.6 billion of debt outstanding and needs a substantial amount of new borrowing to fulfill its mission before 2020. NYPA must keep a safety margin over and above its interest costs, just like an IOU, in order to provide debt investors the assurance that they will be paid principal and interest on a timely basis. NYPA's ROE, or return on its net position, as well as its equity ratio, provide that safety margin needed to maintain its financial integrity and bond rating. But unlike an IOU, NYPA pays neither income tax to the Federal Government, nor to New York State. Thus, the equity portion of its overall ROR, the ROE, is not "grossed up" for taxes, so the overall ROR of 7.49% produced by the formula rate, as seen in Exhibit No. PA-303, p. 8, provides the entirety of NYPA's transmission-related earnings that debt investors and bond rating firms will evaluate as coverage for debt financing. In the case of an IOU on the other hand, part of the safety margin evaluated by ratings agencies is provided by the income tax allowance, which is an additional component of the revenue requirement and is included in the earnings before interest, taxes, depreciation amortization metric utilized by some ratings agencies.

For IOUs, recovery of an income tax allowance "cushions" the impact of unexpected expenses, and reduces risk for the business entity and its investors. For example, if a taxable IOU has a marginal income tax rate of 35%, an unexpected operations & maintenance cost increase of $1 million only decreases the return by $650,000, because the tax allowance built into rates absorbs $350,000 of the increased expense.

Q. Has FERC recognized that municipal or government-owned transmission systems have a similar investment risk as one owned by an IOU?

A. Yes. In FERC Opinion No. 479, issued on April 19, 2005 and related orders involving the City of Vernon ("Vernon"), FERC stated that Vernon's ROE could be set by reference to the market-based return for similarly-rated entities. See generally the discussion in *City of Vernon,* 111 FERC ¶ 61,092 at PP 84-103 (2005). FERC's finding comports with financial theory. The risk of a particular investment is not determined by the type of entity that makes the investment; rather, the risk is determined by the risk of the particular investment. NYPA's business risk of developing and modernizing the New York State transmission system is no different than that of an IOU. In the Midwest Independent System Operator, Inc. ("MISO"), municipal transmission owners are entitled to earn the same 12.38% cost of "proprietary capital" as IOU transmission owners are entitled to earn as ROE. *Midwest Indep. Transm. Sys. Operator, Inc.*, 100 FERC ¶ 61,292 (2002), *reh'g denied,* 102 FERC ¶ 61,143 (2003), *on appeal*, *Public Serv. Comm. of the C'wealth of Ky. v. FERC*, 397 F.3d 1004 (D.C. Cir. 2005), *on remand*, 111 FERC ¶ 61,355 (2005).

<u>Cost of Equity Determination</u>

Q. In FERC Opinion No. 531, the Commission continues its reliance on the discounted cash flow ("DCF") method, with some refinements, to estimate the allowed rate of return on equity. Can you briefly explain the DCF method?

A. The DCF method to estimate the cost of equity is grounded on the truism that investors price a stock based upon the present value of the stock's future cash flows, which translates into the present value of dividends and/or the stock's sale value into the infinite time horizon. It is a particularly useful model for dividend-paying entities like IOUs, where the current yield can be accurately estimated, and estimating investors' assessment of growth expectations can be reasonably determined from publicly available data. Public utilities are mostly regulated, and their earnings levels are constrained to reasonable levels, based upon the risks they undertake.

The DCF formula is:

$$k = D/P + g$$

Where: k = the estimate of investors' required return;

D = the annual dividend (over the next 12 months and sometimes expressed as D1, estimated under the FERC method by increasing the average yield over the past six months, and increasing that yield by ½ the growth rate to arrive at the adjusted dividend yield);

P = the stock price (in practice at FERC, the 6-month average of the high and low stock prices, each month) and;

g = The expected growth rate of dividends per share (at FERC, the weighted average of IBES short-term 5-year growth (weighted $2/3^{rds}$) and GDP for long-term growth (weighted $1/3^{rd}$)).

Q. Can you explain how you developed the cost of equity of 9.34% for NYPA?

A. Yes. I followed the new ROE methodology that FERC adopted in Opinion No. 531 in

Docket No. EL11-66-001 which was issued on June 19, 2014.[1] The order stated at P 13, "For the reasons discussed below, we find that the ROE in this proceeding, as well as in future public utility cases, should be based on the same DCF methodology the Commission has used in natural gas pipeline and oil pipeline cases for many years—the two-step, constant growth DCF methodology, or two-step DCF methodology." I have outlined the steps of the new method for electric utilities that were detailed in Opinion No. 531 and included them in Exhibit No. PA-303, pp. 1-2. My initial screen to select a proxy group involved reviewing S&P's and Moody's bond ratings for the universe of over 40 electric utilities and diversified electric utilities to find entities with the highest bond rating, which I found to be either "A-" or "A." Arriving at an adequate sized proxy group required expanding the selection criteria to include utilities that had a rating of "A-" or better from either Moody's or S&P, as long as their "Financial Strength" was rated "A" by Value Line (Exhibit No. PA-303, p. 6). Value Line's Financial Strength Rating was used as an additional screen because it involves an assessment of balance sheet strength, leverage, business risk and cash flow and is a reasonable additional screening criterion to establish a group to use to estimate NYPA's fair return on equity. Given NYPA's "AA" bond rating, the addition of Value Line screening data fit within the guidance of Opinion No. 531 because using Value Line, while not a FERC requirement, is acceptable according to Opinion No. 531 at P 100. That screening process resulted in the twelve highest-rated utilities which are shown in the Value Line

[1] *Martha Coakley, Mass. Atty. General, et al. v. Bangor Hydro-Elec. Co., et al.*, Opinion No. 531, 147 FERC ¶ 61,234 (issued June 19, 2014), *order on paper hearing*, Opinion No. 531-A, 149 FERC ¶ 61,032 (2014), *order on reh'g*, Opinion No. 531-B, 150 FERC ¶ 61,165 (2015).

reports included in Exhibit No. PA-307. After eliminating utilities involved in merger and acquisition activity (Nextera Energy, Wisconsin Energy, and Integrys Energy), the resulting group consisted of the nine utilities analyzed in Exhibit No. PA-303, p. 3, that are closest to NYPA's "AA" bond rating. Also, as is fundamental to the DCF method, all utilities needed to be paying dividends during the six-month study period. Using the resulting proxy group of nine utilities, I then followed the specific steps for estimating the ROE per Opinion No. 531.

Q. Please discuss the steps and resulting return on equity estimate.

A. Once the proxy group of nine utilities was selected, I gathered daily stock prices and dividend data over the 6-month period ended May 31, 2015. The stock price and dividend data are shown in Exhibit No. PA-308. Also, as indicated in Opinion No. 531 at PP 88-90, I used Yahoo Finance as a source for analysts' 5-year short-term growth IBES projections as of May 31, 2015, which is weighted 2/3rds to determine the DCF growth rate in accordance with Opinion No. 531. The analyst growth data source is shown in Exhibit No. PA-304. The long-term growth projection, based upon three data sources for GDP growth, were estimated based upon the best current information as shown in Exhibit No. PA-303, p. 5, and weighted 1/3rd to determine the DCF growth rate. Also, in accordance with the guidance in Opinion No. 531, the low-end outlier, Edison International, was eliminated from the array because its indicated DCF return of 4.56% fails any test of logic or reason. It is not only below the current cost of "A" or "AA" rated debt (4.26% and 4.00%, respectively) plus 100 basis points (see Exhibit No. PA-303, p.

11), but it is far out of the range of central tendency of the rest of the proxy group data. Following the steps outlined in Opinion No. 531 and as summarized on Exhibit No. PA-303, pp. 1-2, the method produced a midpoint return on equity of 8.27%, and median return of 8.43%, and based upon the rationale in Opinion No. 531, the ROE, due to abnormal market conditions, should be set at the average of the central tendency (which I determined by averaging the median and midpoint) and the high end of the range of 9.34%, resulting in a base ROE of 8.85%. After including the 50 basis point incentive for ISO/RTO participation, the estimated reasonable allowed ROE would be 9.35%, but the ROE is capped at 9.34%, which is the high end of the range.

Q. What is the purpose of Exhibit No. PA-303, p. 4?

A. Exhibit No. PA-303, p. 4 is an analysis of the returns indicated for the proxy group by using a spot market price as of May 31, 2015. I included that analysis to see if there was a notable difference in the current market data compared to the 6-month period used following the FERC determinations in Opinion No. 531. I note that while the returns indicated are slightly higher, the difference is not a significant cause for concern.

Q. Does your recommended return of 9.34%, after the 50 basis point incentive for ISO/RTO participation, provide a just and reasonable return sufficient to support NYPA's "AA" bond rating?

A. Yes, but there is little margin for error. As discussed in Opinion No. 531, the overall goal of the allowed equity return is to meet the requirements of the *Hope* and *Bluefield* cases, which includes being fair to customers and at the same time maintaining the entity's financial integrity. I believe that considering the electric grid policy actions of the State of New York and the need of NYPA's customers to access low-cost power, it is beneficial for NYPA to maintain its "AA" bond rating. The 8.85% return for the transmission system (9.34% with the ISO incentive) is reasonably close to the 9.4% ROE that NYPA earned in 2014 and the 8.69% ROE earned in the 2011-2014 timeframe, which has produced a strong bond rating (See Exhibit No. PA-303, p. 10). It is noteworthy also that the 8.69% average return over this time period was produced on a higher equity ratio (average 72%) than the 60% cap NYPA is voluntarily proposing in this filing. Therefore, while the 9.34% ROE is higher than NYPA's average ROE of 8.69% over the 2011-2014 timeframe, the resulting overall return of 7.49% after the equity ratio limit does not provide a net increase in credit support compared to its historical returns.

Q. Do current capital market conditions warrant an upward departure from the measure of central tendency consistent with Opinion No. 531?

A. Yes. The overall context for FERC's adjustment to move up from the measure of central tendency in Opinion No. 531 was that the resulting DCF returns produced by current market data did not provide a reasonable assurance that the financial integrity standards of *Hope* and *Bluefield* could be met. I have already indicated that I think it is beneficial to maintain NYPA's current bond rating. Capital market conditions for electric utility stocks are producing even lower DCF returns now than they produced when Opinion No. 531 was issued in June of 2014. In NYPA's situation, it has no access to new equity markets, because it is a state authority and does not have traditional "common stock." Its soul source of new financing is the cash flow from its retained earnings, depreciation and new bond financing. As already discussed, its ability to maintain its bond rating is entirely dependent on its equity return and the level of equity in its capital structure because it has no income tax cushion like an IOU. Yet the transmission projects that NYPA undertakes have a similar risk to those of an IOU. NYPA's need for a reasonable return on equity is to maintain its financial integrity and ability to maintain its credit rating. A higher return for NYPA is not a compromise between the interests of equity investors and customers. All electricity consumers in the State are best served if NYPA maintains its credit rating, and any funds provided by the cash flow from the equity return are simply reinvested in New York State's energy infrastructure and programs. Therefore, in order to maintain the financial integrity of NYPA, the procedure of setting the return at the average of the high end of the range should be used for NYPA based upon current market conditions.

Q. What specific factors indicate that based upon current capital market conditions, the base equity return for NYPA should be set at the average of central tendency (median/midpoint) and highpoint of the range?

A. First, evidence of the current very low interest rates can be seen in Exhibit No. PA-303, p. 9, where the 30-year Treasury Bond average was approximately 3.00% for the 6-month period used to measure the market conditions in Opinion No 531, and the 30-year Treasury Bond average was only about 2.63% during the 6-month period used to measure the return for this filing. Second, the history of achieved ROEs of comparable entities as well as expected returns in the future are also relevant. As can be seen in Exhibit No. PA-303, p. 7, the proxy group achieved ROEs averaging 10.16% in 2014 and, on average, is expected to earn returns of 10.28% to 11.00% in the 2015 to 2020 time frame. Third, allowed returns in the utility industry are generally higher than my recommended base ROE of 8.85%. For example, as shown on Exhibit No. PA-303, p. 12, other electric and gas utilities in New York State currently have ROEs in the range of 9.0% to 10.4% for rate plans now in effect. Additionally, on a national level, as shown in Exhibit No. PA-305, Regulatory Research Associates reports (on p. 3) average allowed returns of 9.47% for gas utilities and 10.37% for electric utilities. The large spread between achieved returns, expected future returns and recently allowed returns nationally versus the current DCF results demonstrated here, further suggests that NYPA's return be set using the same upward adjustment (average of the central tendency and high end) that was decided in Opinion No. 531. In other words, the same concerns about the results of the DCF that existed in Opinion No. 531 are still present today.

Q. Does the 50 basis point incentive proposed by NYPA conform to precedent established by FERC in other proceedings?

A. Yes. Based on membership in an ISO/RTO, FERC has consistently granted utilities a 50 basis point upward adjustment to the base ROE in recognition of the region-wide benefits of turning operational control over transmission facilities to an ISO and for the utility's continued involvement with such organization. See, for example, *Niagara Mohawk Power Corp.*, 124 FERC ¶ 61,106 at P 35 (2008), *order on reh'g*, 126 FERC ¶ 61,173 (2009). Also, the Commission has noted that the 50 basis point adder is subject to the zone of reasonableness as stated in *Niagara Mohawk* and in *ISO New England, Inc.*, 106 FERC ¶ 61,280 at P 246 (2004). Application of a 50 basis point adder for NYPA's continued participation in the New York Independent System Operator, Inc. is appropriate here, but the total ROE would be capped at 9.34%, the top end of the range of results established from the proxy group.

<u>Capital Structure</u>

Q. What is the capital structure that should be used to set NYPA's transmission revenue requirement?

A. Generally the capital structure of an entity with a formula rate varies from year-to-year as its long-term capitalization ratio changes due to, for example, the issuance of additional debt. NYPA's 2014 capital structure and its components are shown in the Formula Rate attached as Exhibit No. PA-202 and sponsored by NYPA witness Mr. Alan C. Heintz as well as repeated in my Exhibit No. PA-303, p. 8. As shown, the formula contains a stated cost of equity of 9.34%, a cost of debt of 4.72% based on 2014 data, and an actual year-end 2014 long-term debt-to-equity ratio of 23.6/76.4. This would produce an overall ROR of 8.19%. However, the year-end 2014 debt ratio of 23.6% is anomalously low, even in view of NYPA's conservative use of debt. NYPA does not ask to have its transmission revenue requirement set on a debt-to-equity ratio of 23.6/76.4. Instead, NYPA proposes a capital structure that better reflects its long-term capitalization goals, and better represents the debt/equity ratio that NYPA will achieve during the transmission life extension and modernization program period which necessitates this Formula Rate filing. NYPA will target a more leveraged capital structure as its need to access capital increases in the coming years, and therefore proposes to cap the equity component of its capital structure produced by the Formula Rate at 60% equity. *See, e.g., Transource Wisconsin, LLC*, 149 FERC ¶ 61,180 at P 34 (2014) ("We note that the

Commission traditionally does not require applicants to cap the capital structures used for ratemaking at a particular numerical value. Here, however, Transource Wisconsin has voluntarily proposed to cap the equity component of its capital structure, and we accept this voluntary cap.")

Q. Please clarify the equity ratio that is proposed for the ongoing formula rate updates?

A. NYPA's proposal is to use the actual capital structure produced by the data inputs to the Formula Rate each year, subject to a voluntary cap of 60% equity. While the 60% equity ratio is below NYPA's actual equity ratio now, it is reasonably close to NYPA's long-term target ratio to maintain its bond rating and conservative debt structure. NYPA's equity will decline from its current 77% level as it pursues an extensive capital spending program the requires debt financing of almost $1.6 billion over the 2015-2019 time frame, to finance part of a total capital program of about $3 billion. If for some unforeseen reason NYPA's equity ratio falls below 60%, then the lower actual equity ratio produced by the Formula Rate will be used. That proposal assures that rates are not set on an equity ratio that is higher than anticipated, and assures that ratepayers are paying a return only on actual equity. Using 2014 data, capping the equity component of the capital structure at 60% produces an overall ROR is 7.49% as seen in Exhibit No. PA-303, p. 8, and also shown in the exhibits of the aforementioned Mr. Thomas Davis of NYPA.

Q. Would it be appropriate to cap the equity component of NYPA's capital structure at a number less than 60%?

A. No. NYPA is already proposing that rates be set on a lower equity ratio than its long-term goal of 65%, a goal recognized by the ratings agencies. This 60% limit is being proposed on a voluntary basis in order to minimize the rate increases under the Formula Rate during this period of capital spending. NYPA's conservative use of debt contributes significantly to its strong credit profile, "AA" credit rating, and low cost of debt, and is consistent with the expectations of NYPA's debt investors. The latest Moody's credit report (Exhibit No. PA-306, p. 11) on NYPA states the following:

> The financial flexibility provided by NYPA's strong balance sheet and debt service coverage ratios are a key factor in its Aa1 rating. Historically, NYPA pursued an aggressive debt-management strategy targeted at eliminating generation-related debt with the intent of lowering its fixed costs and thus its customers' power rates. As a result, it reduced outstanding revenue bond debt (including commercial paper notes) to about $1.7 billion in 2013 from $3.5 billion in 1994. This strategy has positioned NYPA well to implement its current large capital program, and as a result, total funded debt is expected to remain fairly constant at about $1.7 billion. This is consistent with NYPA's goal of maintaining a ratio of 35% debt-to-capital (excluding capital leases).

Capping NYPA's equity capitalization at less than 60% fails to recognize that NYPA's effective overall rate of return is already much lower than an average IOU's effective rate of return when taxes are considered. Capping the equity ratio at less than 60% is also incongruous with the use of NYPA's actual cost of debt of 4.72% which is a result of its high bond rating, and in itself attributable to NYPA's low leverage capital structure. I would need to re-examine the proxy group used to determine the ROE in the event of a proposal to lower the equity ratio even further and include lower-rated entities in the proxy group for purposes of the DCF analysis.

Q. Does NYPA require a greater degree of equity capitalization to achieve the same credit rating as a comparable IOU?

A. Yes. A primary consideration of credit rating agencies in evaluating the credit rating of a debt issuer is the safety margin over and above interest costs provided by earnings and income taxes, and sometimes, other cash flow measures, such as depreciation and amortization. An IOU with an identical rate base and rate of return would have a higher safety margin than NYPA because of the income tax allowance included in rates. By increasing the higher-cost equity component of NYPA's capital structure relative to debt, NYPA can achieve the same safety margin as an IOU without any added cost to customers because NYPA does not recover an income tax allowance. Because typical public utilities earn a grossed up cost of equity, this makes 9.34% effectively cost about 14.4% at the Federal corporate income rate of 35%. However, the same 9.34% return for NYPA is simply 9.34%. Thus, comparative data suggests that NYPA's "AA" bond rating, which is supported by its conservative use of debt and high rate of equity capitalization, does not come at an increased cost to ratepayers compared to an IOU with a lower credit rating and lesser degree of equity capitalization.

Q. Are you, in essence, recommending that NYPA's overall allowed rate of return should be as high as the pre-tax rate of return for an IOU?

A. No. NYPA's 2014 overall rate of return of 7.49% with the equity ratio capped at 60% is about 25% lower than the 10.07% effective overall return for a representative IOU's pre-tax return. As shown in Exhibit No. PA-303, p. 8, the capital structure example labeled, "Capital Structure of Lower Rated IOU Equity/Debt Cost Adjustment and Pre-tax Return Example" shows how income taxes increase the effective overall rate of return to 10.07%

that is included in the revenue requirement of an IOU with a more typical capital structure. The 60% equity ratio target is not intended as a surrogate to recover an income tax allowance. It is simply intended to represent NYPA's low case estimate of its actual equity ratio during this significant capital spending program and is actually a bit lower than the equity ratio debt-rating firms and debt investors would expect to see over the foreseeable future for NYPA. The proposed 60% cap also represents NYPA's low-end estimate of its future equity ratio, is consistent with FERC's practice of favoring actual capital structures, as well as FERC precedent supporting applicants' agreeing to voluntary equity ratio limits.

Q. What additional reference material have you included in your exhibits?

A. Exhibit No. PA-306 includes copies of the reports from both S&P's and Moody's for reference. I have included copies of both the S&P and Moody's reports because I referred to the ratings and quoted from the Moody's report. The Value Line reports I relied upon are shown in Exhibit No. PA-307, as I have referenced the data in these reports throughout my Exhibit No. PA-303.

Q. Does this conclude your testimony?

A. Yes, it does.

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

New York Power Authority) **Docket No. ER15- -000**

AFFIDAVIT OF RICHARD L. ANSALDO

State of New York)

County of Albany)

I, Richard L. Ansaldo, being duly sworn, depose and say that the statements contained in the Prepared Direct Testimony of Richard L. Ansaldo served on behalf of the New York Power Authority in these proceedings are true and correct to the best of my knowledge, information and belief, and I hereby adopt said testimony as if given by me in formal hearing, under oath.

Richard L. Ansaldo

Richard L. Ansaldo

SUBSCRIBED AND SWORN to before me
This 26 day of June, 2015

Jessica L. Bucciero

JESSICA L. BUCCIERO
Notary Public, State of New York
No. 01BU6205987
Qualified in Saratoga County
Commission Expires May 11, 2017

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Resume

Areas of Expertise and Specialization

32 years of experience from September 1976 to October 2008 in regulating Electric, Gas, Telephone and Water utilities in increasingly responsible roles at the New York State Department of Public Service. For 26 of those years I was a Section Chief in the Office of Accounting and Finance. In that role I supervised financial analysts and accountants in the agency's role and jurisdiction over rates and service. Specific areas of expertise include financial analysis, revenue requirements, rate of return, economic studies, financing techniques, capital structure, financial integrity, regulatory policy, management, negotiations, and administrative rules and regulations.

Since 2008 I have been self-employed as an independent consultant providing advice and expertise on energy, conservation, utility, policy, and financial issues. My clients have included NRG Energy, Inc., Dynegy, Inc., Cable Telecommunications Association of New York, Municipal Electric Utilities Association of New York, and NYPA. I submitted rate of return testimony and exhibits in NYPA's 2012 filing before FERC to update its transmission revenue requirement in Docket No. ER12-2317-000.

Relevant Experience

- Chief, Office of Accounting and Finance for the New York State Department of Public Service, 1992 – 2008. Senior policy and technical advisor to the Commission on electric, gas, telephone, and water matters, and shared administrative responsibilities for Office of Accounting and Finance. Responsibilities included regulatory and competitive policy development and implementation, overseeing rate proceedings and ratemaking, review corporate financial planning, reviewing and advising on utility financial plans, reviewing mergers and acquisitions and intervention in FERC gas proceedings. Developed a training program for Staff development in rate cases.

- Chief of Utility Financing in the Office of Accounting and Finance for the New York State Department of Public Service, 1982 – 1992. Senior policy and technical advisor to the Commission on electric, gas, telephone, and water matters, focusing on financial issues and shared administrative responsibilities for Office of Accounting and Finance.

- National Association of Regulatory Utility Commissioners (NARUC), 1984 – 1990. Directed the expansion of Finance Section and served as Chairman to NARUC Subcommittee on

Finance from 1984 to 1986 and Co-chair of the merged Subcommittee on Finance and Economics from 1986 – 1990.

- Progressed from Senior Accountant to Principal Financial Analyst in the Office or Accounting and Finance for the New York State Department of Public Service from 1976 to 1982. In that role testified in numerous rate proceedings involving electric, gas, telephone and water utilities and analyzed numerous financing petitions.
- From 1972 – 1976 was at the General Electric Company in the Financial Management Training Program and then served in account and auditing positions at the New York State Department of Labor.

<u>Specific Expertise Developed At The New York Commission</u>

- Testified in over 45 proceeding involving issues of rates, emergency rates, plant phase-ins, steam system abandonment, coal conversion, long-term rate plans and cash management.
- Testified before the New York Commission, FERC, and The Connecticut Department of Utility Control.
- Developed and reviewed revenue requirements for utility rate cases.
- Developed discount rates to perform strategic analysis on plans to continue nuclear plant completion and to evaluate conservation programs for demand side management.
- Assisted Administrative Law Judges in developing recommendations in cases to be presented to the Commission.
- Made presentations to the Commission on a multitude of issues involving rates, finances and policy and advised Commissioners on pending decisions.
- Acquired special expertise in negotiations through experience and academic training program by Harvard University professors based upon the book “Getting to Yes.”
- Developed “milestone” criteria for honoring power purchase contracts during the 1980s and 1990s.
- Developed protections against holding company abuses which have become policy at the New York Department of Public Service.
- Developed techniques for removing the impact of non-earning assets from Holdco financial statements so that utility rates would not be increased by Holdco activities.
- Advised the Receiver for a utility in bankruptcy, leading to the successful continuation of utility service after a successful auction of the troubled utility.

<u>Utilities Covered</u>

Consolidated Edison Company of New York, Inc.
Orange and Rockland Utilities, Inc.
Central Hudson Gas & Electric Corporation
Niagara Mohawk Power Corporation (now National Grid)
New York State Electric & Gas Corporation
Rochester Gas and Electric Corporation
National Fuel Gas
Long Island Lighting Company (now Long Island Power Authority, aka LIPA)

Keyspan Gas Properties (now National Grid)
Corning Natural Gas
All Major Water Utilities
All Telephone Companies including NYNEX (now Verizon)

Education

BS Degree in Accounting and Business Administration, and Graduate Certificate in Regulatory Economics, State University of New York at Albany

New York Power Authority, FERC Proxy Group Method/Notes

1. FERC's new ROE methodology for electric utilities was set forth in Docket No. EL11-66-001, Opinion No. 531, issued on June 19, 2014. FERC's opinion stated at P 13, "For the reasons discussed below, we find that the ROE in this proceeding, as well as in future public utility cases, should be based on the same DCF methodology the Commission has used in natural gas pipeline and oil pipeline cases for many years—the two-step, constant growth DCF methodology, or two-step DCF methodology."

2. Proxy group selection began by including the twelve highest-rated electric utilities which were the closest to NYPA's AA bond rating. The credit screen test was affirmed by FERC at PP 106-07 of Opinion No. 531 and the use of a national proxy group (as opposed to a regional proxy group) was needed to get a reasonably sized proxy group, and is supported by FERC's opinion at P 96. The selection of the proxy group referenced both S&P and Moody's bond ratings because the highest-rated IOUs had ratings from both of the major rating agencies. Due to the inadequate size of the proxy group that would have resulted from requiring an A- rating or higher from both rating agencies, the proxy group includes electric utilities with a rating of A- from either Moody's or S&P, as long as the utilities have a financial strength rating from Value Line of A (see p. 6 of this exhibit). In accordance with Opinion No. 531 at P 114 and the FERC precedent cited therein, companies involved in merger and acquisition activity were eliminated.

3. To arrive at the DCF growth rate, the IBES 5-year future analyst estimate was weighted 2/3^{rds} and added to the GDP deflator (weighted 1/3rd), as discussed in Opinion No. 531 at PP 39, 88-90.

4. The dividend yield was calculated in accordance with Opinion No. 531 at P 77, using a three-step process: "(1) averaging the high and low stock prices as reported by the New York Stock Exchange or NASDAQ for each of the six months in the study period; (2) dividing the company's indicated annual dividend for each of those months by its average stock price for each month (resulting in a monthly dividend yield for each month of the study period); and (3) averaging those monthly dividend yields."

5. FERC's "adjusted dividend yield" was then calculated by increasing the dividend yield as calculated in 4. above by a factor of 1 plus 1/2 the weighted DCF growth rate as in past FERC practice and referenced at P 15 of Opinion No. 531. This conforms the calculation to estimate the investors' expectations of the average dividend over the next 12 months, to be consistent with DCF theory.

6. A low-end outlier, Edison International, was excluded from the group because the indicated ROE was unreasonably low (too close to the bond cost; see p. 11) in accordance with FERC precedent and guidance. Opinion No. 531 at PP 122-23. The DCF ROE is not only less than 100 basis points above its bond yield, but the return also fails to pass any notion of central tendency or norm of the rest of the proxy group.

7. The dividend yield and growth rate statistics were then added together to arrive as the total DCF cost of equity estimate. The midpoint or the array was then calculated by averaging the high and low end of the range as indicated at P 142 of Opinion No. 531 and based upon the current capital market condition we the midpoint was averaged with the highpoint of the range to arrive at our requested return on equity.

8. Averaging the midpoint and highpoint of the range is justified under current market conditions because the DCF returns are anomalously low at this time and setting the return at the midpoint does not reasonably meet the standards of *Hope* and *Bluefield*. Current interest rates are even lower than were referenced in Opinion No. 531 as evidenced by Treasury Bond rates (p. 9), and utility stock prices are higher, reflected in lower dividend yields. The resulting return following Opinion No. 531 with the adjustment to the average of the central tendency measures and highpoint is only 8.85%, which is significantly lower than the 10.57% return arrived at in Opinion No. 531. The midpoint return in the proxy analysis here of 8.27% is also significantly lower than the midpoint return arrived at in Opinion No. 531 of 9.39%, as well as much lower than the predicted achieved returns of the companies in the proxy group (p. 7).

<u>Exhibit No. PA-303 Contents</u>:

- Pages 1 and 2, notes on FERC Opinion No. 531 method
- Page 3, Summary of Proxy Group Return
- Page 4, Check of Exhibit No. PA-303, p. 3 results using spot stock (one day) prices at end of the 6-month period
- Page 5, GDP Growth Rate estimates
- Page 6, Proxy Group Credit Screen
- Page 7, Proxy Group Betas and ROEs Expected and Earned
- Page 8, Comparison of Overall Rate of Return with Various Capital Structures
- Page 9, Treasury Bond Yields from Opinion No. 531 and after
- Page 10, NYPA Historical Earnings
- Page 11, U.S. Corporate Bonds Yields
- Page 12, NYS Allowed ROEs

9 Company Proxy Group DCF Summary

Proxy Electric Company	IBES 5 year Growth % 5/31/2015	GDP Deflator %	WTD Growth % 2/3 IBES, 1/3 GDP	Dividend Multiplier 1 plus 1/2 wtd Growth	12/1/2014 to 5/31/2015 Avg Yield %	Adjusted Yield %	Total DCF Return %
Allete Inc	6.00	4.35	5.45	1.0273	3.79	3.89	9.34
Alliant Energy	5.45	4.35	5.08	1.0254	3.36	3.45	8.53
Con Edison	2.48	4.35	3.10	1.0155	4.06	4.12	7.23
Duke Energy	4.49	4.35	4.44	1.0222	3.98	4.07	8.51
Edison Intern'l	0.70	4.35	1.92	1.0096	2.62	2.65	**4.56**
OGE Energy	4.00	4.35	4.12	1.0206	3.01	3.07	7.19
Pinnacle West	4.70	4.35	4.58	1.0229	3.68	3.76	8.35
Southern Co.	3.32	4.35	3.66	1.0183	4.55	4.63	8.30
Vectren Corp.	5.50	4.35	5.12	1.0256	3.40	3.49	8.60
Zone of Reasonableness							**9.34 to 7.19**
Midpoint							**8.27**
Median							**8.43**
Avg of Midpoint and Top of Zone							**8.81**
Avg of Median and Top of Zone							**8.89**
Avg of Central Measures							**8.85**
ROE w/NYISO 50bp Incentive/Limit Top of Zone							**9.34**

4.56% DCF Return For Edison Internat'l eliminated as low-end outlier per FERC precedent, Opinion No. 531 at PP 122-23.

9 Company Proxy Group DCF at 5/31/2015 Spot Price

Proxy Electric Company	IBES 5 year Growth % 5/31/2015	GDP % Deflator	WTD Growth % 2/3 IBES, 1/3 GDP	Dividend Multiplier 1 plus 1/2 wtd Growth	Current $ Dividend 5/31/2015	Dividend $ Over Next 12 Months	$ Spot Price 5/31/2015	Spot Yield %	Total DCF Return %
Allete Inc	6.00	4.35	5.45	1.0273	2.02	2.075	50.35	4.01	9.46
Alliant Energy	5.45	4.35	5.08	1.0254	2.20	2.256	61.30	3.59	8.67
Con Edison	2.48	4.35	3.10	1.0155	2.60	2.640	61.84	4.20	7.31
Duke Energy	4.49	4.35	4.44	1.0222	3.18	3.251	75.73	4.20	8.64
Edison Intern'l	0.70	4.35	1.92	1.0096	1.67	1.686	60.81	2.75	**4.66**
OGE Energy	4.00	4.35	4.12	1.0206	1.00	1.021	31.50	3.17	7.29
Pinnacle West	4.70	4.35	4.58	1.0229	2.38	2.435	60.92	3.91	8.49
Southern Co.	3.32	4.35	3.66	1.0183	2.17	2.210	43.69	4.97	8.63
Vectren Corp.	5.50	4.35	5.12	1.0256	1.52	1.559	42.57	3.57	8.69
Zone of Reasonableness									**7.29 to 9.46**
Midpoint									**8.38**
Median									**8.64**
Avg Midpoint and Top of Zone									**8.92**
Avg Median and Top of Zone									**9.05**

4.66% DCF Return For Edison Internat'l eliminated as low-end outlier per FERC precedent, Opinion No. 531 at PP 122-23.

Long-Term U.S. Gross Domestic (GDP) Growth Estimates For The Fourth Quarter of 2014

Source	Year Beginning	Nominal GDP ($Billion)	Year Ending	Nominal GDP ($Billion)	Annual GDP Growth (%)
HIS (1)	2019	21850	2044	63879	4.38%
EIA (2)	2020	22760	2040	51732	4.19%
SSA (3)	2020	23,694	2070	211,004	4.47%
					4.35%

(1) IHS Global Insight: Long-Term Macro Forecast - Baseline (U.S. Economy 30-Year Focus, Fourth Quarter (December 08, 2014), Table Summary 1(a), http://www.ihs.com/index.aspx

(2) Based on Data from EIA 2015 Annual Energy Outlook.
http://www.eia.gov/forecasts/aeo/pdf/tbla20.pdf

Year	EIA Chain Type Price Index	Real GDP
2020	1.211	18801
2040	1.730	29898

(3) Based on SSA 2014 OASDI Report
http://www.ssa.gov/oact/tr/2014/VI_G2_OASDHI_GDP.html#200732

GDP 2070 221157

9 Company Proxy Group Credit Screen and Value Line Safety Rank and ROEs

Proxy Electric Company	Value Line Financial Strength	S&P Bond Rating	Moody's Bond Rating	Stock Sym.	Value Line 2015 ROE %	Value Line 2016 ROE %	Value Line 2018-20 ROE %
Allete Inc	A	BBB+	A3	ALE	8.00	8.50	9.50
Alliant Energy	A	A-	A3	LNT	11.50	11.50	12.00
Con Edison	A+	A-	A3	ED	9.00	9.00	9.00
Duke Energy	A	A-	A3	DUK	8.00	8.00	8.00
Edison Intern'l	A	BBB+	A3	EIX	10.50	11.00	11.50
OGE Energy	A+	A-	A3	OGE	11.00	11.00	11.00
Pinnacle West	A+	A-	Baa1	PNW	9.50	9.50	9.50
Southern Co.	A	A	Baa1	SO	12.50	12.50	13.50
Vectren Corp.	A	A-	A2	VVC	12.50	13.00	15.00
Mean					**10.28**	**10.44**	**11.00**

Source: Latest Value Line reports as of 6/1/2015

9 Company Proxy Group Betas and ROEs Expected and Earned

Proxy Electric Company	Value Line Beta	Value Line 2014 ROE %	Value Line 2015 ROE %	Value Line 2016 ROE %	Value Line 2018-20 ROE %
Allete Inc	0.80	7.80	8.00	8.50	9.50
Alliant Energy	0.80	10.90	11.50	11.50	12.00
Con Edison	0.60	8.50	9.00	9.00	9.00
Duke Energy	0.60	7.20	8.00	8.00	8.00
Edison Intern'l	0.75	13.00	10.50	11.00	11.50
OGE Energy	0.90	12.00	11.00	11.00	11.00
Pinnacle West	0.70	9.10	9.50	9.50	9.50
Southern Co.	0.60	12.50	12.50	12.50	13.50
Vectren Corp.	0.80	10.40	12.50	13.00	15.00
Mean	**0.73**	**10.16**	**10.28**	**10.44**	**11.00**

Source: Latest Value Line reports as of 6/1/2015

Comparison Of Overall Rate Of Returns With Various Capital Structures

Actual Capital 2014 Structure

2014 Actual Capital Structure	Percent	Cost %	Weighted Cost
Debt	23.60	4.72	1.11
Equity	76.40	9.34	7.14
Overall ROR	100.00		**8.25**

Requested Capital Structure

Long Term Capital Structure	Percent	Cost	Weighted Cost
Debt	40.00	4.72	1.89
Equity	60.00	9.34	5.60
Overall ROR	100.00		**7.49**

Capital Structure Of Lower Rated Entity/Cost Rate Adjustment

Capital Structure of Lower Rated Entity	Percent	50 basis Point Addition To Cost Rates	Weighted Cost
Debt	47	5.22	2.45
Equity	53	9.84	5.22
Overall ROR	100		**7.67**

Capital Structure Of Lower Rated IOU Equity/Debt Cost Adjustment and Pre-tax Return Example

Capital Structure of Lower Rated Entity	Percent	50 basis Point Addition To Debt Cost	Weighted Cost
Debt	47	5.22	2.45
Equity	53	14.37	7.62
Overall ROR	100		**10.07**

14.37% pre-tax = 9.34%/.65 (Note: .65 reflects gross-up for 35% tax rate)

Treasury Yields During And After Opinion No. 531 Issuance

Date	10 Yr	20 Yr	30 Yr	Date	10 Yr	20 Yr	30 Yr
10/31/2012	1.72	2.46	2.85	12/31/2014	2.17	2.47	2.75
11/30/2012	1.62	2.37	2.81	1/30/2015	1.68	2.04	2.25
12/31/2012	1.78	2.54	2.95	2/27/2015	2.00	2.38	2.60
1/31/2013	2.02	2.79	3.17	3/31/2015	1.94	2.31	2.54
2/28/2013	1.89	2.71	3.10	4/30/2015	2.05	2.49	2.75
3/28/2013	1.87	2.71	3.10	5/29/2015	2.12	2.63	2.88
Opinion NO. 531 Time Period	**1.82**	**2.60**	**3.00**	**Averages For NYPA Formula Rate Filing**	**1.99**	**2.39**	**2.63**
4/30/2013	1.70	2.49	2.88	1/30/2014	2.72	3.40	3.65
5/31/2013	2.16	2.95	3.30	2/28/2014	2.66	3.31	3.59
6/28/2013	2.52	3.22	3.52	3/31/2014	2.73	3.31	3.56
7/31/2013	2.60	3.34	3.64	4/30/2014	2.67	3.22	3.47
8/30/2013	2.78	3.46	3.70	5/30/2014	2.48	3.05	3.33
9/30/2013	2.64	3.41	3.69	6/30/2014	2.53	3.08	3.34
10/31/2013	2.57	3.33	3.63	7/31/2014	2.58	3.07	3.32
11/29/2013	2.75	3.54	3.82	8/29/2014	2.35	2.83	3.09
12/31/2013	3.04	3.72	3.96	9/30/2014	2.52	2.98	3.21
2013 Averages	**2.53**	**3.27**	**3.57**	10/31/2014	2.35	2.81	3.07
				2014 Averages	**2.56**	**3.11**	**3.36**

Source: www.treasury.gov

New York Power Authority Historical Earnings

	2014	2013	2012	2011
Net Position 1/1	3,719	3,470	3,295	3,001
Net Position 12/31	3,991	3,719	3,470	3,295
Average Net Position	3,855	3,595	3,383	3,148
Net Income	272	228	175	235
Contribution To NYS	90	65	85	65
Total Earnings	362	293	260	300
Earnings/Avg. Net Position	**9.39%**	**8.15%**	**7.69%**	**9.53%**
		4 year Avg.= 8.69%		
Equity Ratio %	**76.0**	**73.6**	**71.0**	**67.4**
		4 year Avg.= 72%		
Long Term Debt 1/1	1,241	1,335	1,434	1,618
Long Term Debt 12/31	1,189	1,241	1,335	1,434
Avg. Long Term Debt	1,215	1,288	1,385	1,526

Source: NYPA Annual Reports

US Corporate Bonds (08:59 ET June 8, 2015)

Maturity	Yield	Yesterday	Last Week	Last Month	Yield Change	Spread
2yr AA	0.99	0.99	0.91	0.80	0.00	0.32
2yr A	1.22	1.21	1.14	0.97	0.00	0.55
5yr AAA	1.96	1.97	1.80	1.73	0.00	0.27
5yr AA	2.21	2.22	2.02	1.87	0.00	0.52
5yr A	2.45	2.46	2.28	2.13	0.00	0.76
10yr AAA	2.98	2.98	2.79	2.76	0.00	0.62
10yr AA	3.26	3.27	3.07	2.96	0.00	0.90
10yr A	3.45	3.46	3.24	3.12	0.00	1.09
20yr AAA	3.87	3.88	3.75	3.61	0.00	-
20yr AA	4.10	4.09	4.00	3.92	0.00	-
20yr A	4.37	4.36	4.26	4.10	0.00	-

Source: www.bondsonline.com

Current Status of NYS Utility Rate Plans

Company	ROE Approved	Decision Date
Central Hudson – Electric (pending)	9.00%	Jun-15
Central Hudson – Gas (pending)	9.00%	Jun-15
Con Edison - Electric (pending)	9.00%	Jun-15
Con Edison - Gas	9.30%	Feb-14
Con Edison – Steam	9.30%	Feb-14
KEDNY - Gas	9.40%	Jun-13
KEDLI - Gas	9.80%	Dec-07
NFG - Gas	9.10%	May-14
NYSEG – Electric	10.00%	Sep-10
NYSEG - Gas	10.00%	Sep-10
Niagara Mohawk – Electric	9.30%	Mar-13
Niagara Mohawk – Gas	9.30%	Mar-13
Orange & Rockland – Electric	9.4%/9.5%/9.6%	Jun-12
Orange & Rockland – Gas	10.40%	Oct-09
RG&E – Electric	10.00%	Sep-10
RG&E - Gas	10.00%	Sep-10
Total		

ROE Range, 9.00% to 10.40%

ROE Range 2014-15. 9.00 to 9.30

IBES Growth Rates From Yahoo Finance 5/31/2015
(Next 5 years Per Annum) FERC Method

Growth Est	ALE	Industry	Sector	S&P 500
Current Qtr.	10.90%	-4.50%	94.80%	10.60%
Next Qtr.	2.10%	11.30%	78.30%	8.80%
This Year	4.70%	8.90%	17.20%	1.60%
Next Year	8.00%	6.60%	2.60%	12.20%
Past 5 Years (per annum)	7.72%	N/A	N/A	N/A
Next 5 Years (per annum)	**6.00%**	8.59%	8.94%	7.26%
Price/Earnings (avg. for comparison categories)	16.02	20.23	19.70	20.11
PEG Ratio (avg. for comparison categories)	2.67	4.40	-4.17	0.08
Current Dividend	**2.02**			

Growth Est	LNT	ED	DUK
Current Qtr.	8.90%	-3.10%	-7.20%
Next Qtr.	15.00%	2.70%	9.30%
This Year	4.00%	2.30%	2.60%
Next Year	5.50%	0.50%	6.00%
Past 5 Years (per annum)	7.92%	3.39%	1.58%
Next 5 Years (per annum)	**5.45%**	**2.48%**	**4.49%**
Price/Earnings (avg. for comparison categories)	16.98	15.53	16.26
PEG Ratio (avg. for comparison categories)	3.12	6.26	3.62
Current Dividend	**2.20**	**2.60**	**3.18**

Growth Est	**OGE**	**EIX**	**PNW**
Current Qtr.	-6.00%	-29.00%	5.00%
Next Qtr.	-1.10%	-21.10%	2.70%
This Year	-6.10%	-21.60%	7.50%
Next Year	8.60%	8.30%	4.70%
Past 5 Years (per annum)	6.38%	10.13%	-3.54%
Next 5 Years (per annum)	**4.00%**	**0.70%**	**4.70%**
Price/Earnings (avg. for comparison categories)	16.95	16.96	15.89
PEG Ratio (avg. for comparison categories)	4.24	24.23	3.38
Current Dividend	**1.00**	**1.67**	**2.38**

Growth Est	**SO**	**VVC**
Current Qtr.	1.50%	10.80%
Next Qtr.	2.80%	3.30%
This Year	1.40%	8.30%
Next Year	3.50%	6.90%
Past 5 Years (per annum)	3.83%	15.42%
Next 5 Years (per annum)	**3.32%**	**5.50%**
Price/Earnings (avg. for comparison categories)	15.32	17.32
PEG Ratio (avg. for comparison categories)	4.61	3.15
Current Dividend	**2.17**	**1.52**

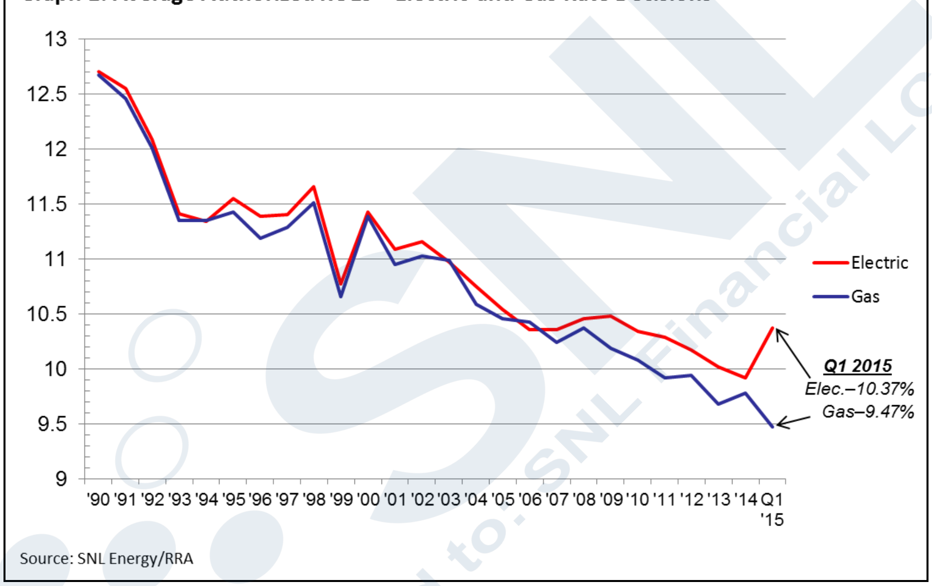
Exhibit No. PA-305

Regulatory Research Associates
REGULATORY FOCUS

April 13, 2015

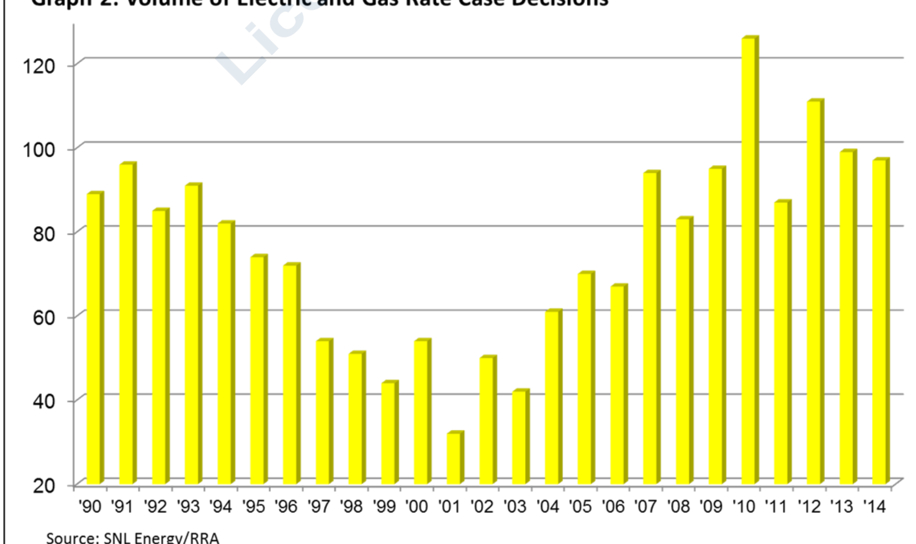
MAJOR RATE CASE DECISIONS--January-March 2015

The average return on equity (ROE) authorized electric utilities was 10.37% in the first quarter of 2015, compared to 9.91% in calendar-2014. There were nine electric ROE determinations for the first three months of 2015, versus 38 in all of 2014. We note that the data includes several surcharge/rider generation cases in Virginia that incorporate plant-specific ROE premiums. Virginia statutes authorize the State Corporation Commission to approve ROE premiums of up to 200 basis points for certain generation projects (see the Virginia Commission Profile). Excluding these Virginia surcharge/rider generation cases from the data, the average authorized electric ROE was 9.67% in the first quarter of 2015 versus 9.76% in 2014. The average ROE authorized gas utilities was 9.47% for the first three months in 2015 compared to 9.78% in calendar-2014. There were three gas cases that included an ROE determination in the first quarter of 2015, versus 26 in 2014. The 2014 averages do not include a Feb. 20, 2014 New York Public Service Commission steam rate decision for Consolidated Edison Co. of New York that adopted a 9.3% ROE. (We note that this report utilizes the simple mean for the return averages.)



Graph 1: Average Authorized ROEs – Electric and Gas Rate Decisions

As shown in Graph 2 below, after reaching a low in the early-2000s, the number of rate case decisions for energy companies generally increased for the next several years, peaking in 2010 at more than 125 cases.



Graph 2: Volume of Electric and Gas Rate Case Decisions

Since 2010, the number of cases has moderated somewhat but has approximated 100 in three of the last four calendar years. There were 98 electric and gas rate cases resolved in 2014 versus 99 in 2013, 111 in 2012, and 87 back in 2011. There are currently about 50 electric and gas rate cases pending nationwide, indicating a somewhat more modest level of activity in 2015, but this level of activity remains robust when compared to the late-1990s/early-2000s. Increased costs for environmental compliance, generation and delivery infrastructure upgrades and expansion, renewable generation mandates, and employee benefits argue for the continuation of an active rate case agenda over the next few years.

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 (which we footnote in our chronology beginning on page 5), thus complicating historical data comparability. We note that despite the heightened business risk associated with the less-than-robust economy, average authorized ROEs have declined modestly since 2008. We also note the increased utilization of limited issue rider proceedings that allow utilities to recover certain costs outside of a general rate case and that typically incorporate previously-determined return parameters.

The table on page 3 shows the average ROE authorized in major electric and gas rate decisions annually since 1990, and by quarter since 2010, followed by the number of observations in each period. The tables on page 4 indicate the composite electric and gas industry data for all major cases summarized annually since 2001 and by quarter for the past nine quarters. The individual electric and gas cases decided in the first quarter of 2015 are listed on pages 5-6, with the decision date shown first, followed by the company name, the abbreviation for the state issuing the decision, the authorized rate of return (ROR), ROE, and percentage of common equity in the adopted capital structure. Next we indicate 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.

Please note: Historical data provided in this report may not match data provided on RRA's website due to certain differences in presentation.

Dennis Sperduto

Exhibit No. PA-305

Average Equity Returns Authorized January 1990 - March 2015

		Electric Utilities		Gas Utilities	
Year	**Period**	**ROE %**	**(# Cases)**	**ROE %**	**(# Cases)**
1990	Full Year	12.70	(44)	12.67	(31)
1991	Full Year	12.55	(45)	12.46	(35)
1992	Full Year	12.09	(48)	12.01	(29)
1993	Full Year	11.41	(32)	11.35	(45)
1994	Full Year	11.34	(31)	11.35	(28)
1995	Full Year	11.55	(33)	11.43	(16)
1996	Full Year	11.39	(22)	11.19	(20)
1997	Full Year	11.40	(11)	11.29	(13)
1998	Full Year	11.66	(10)	11.51	(10)
1999	Full Year	10.77	(20)	10.66	(9)
2000	Full Year	11.43	(12)	11.39	(12)
2001	Full Year	11.09	(18)	10.95	(7)
2002	Full Year	11.16	(22)	11.03	(21)
2003	Full Year	10.97	(22)	10.99	(25)
2004	Full Year	10.75	(19)	10.59	(20)
2005	Full Year	10.54	(29)	10.46	(26)
2006	Full Year	10.36	(26)	10.43	(16)
2007	Full Year	10.36	(39)	10.24	(37)
2008	Full Year	10.46	(37)	10.37	(30)
2009	Full Year	10.48	(39)	10.19	(29)
	1st Quarter	10.66	(17)	10.24	(9)
	2nd Quarter	10.08	(14)	9.99	(11)
	3rd Quarter	10.26	(11)	9.93	(4)
	4th Quarter	10.30	(17)	10.09	(12)
2010	**Full Year**	**10.34**	(59)	**10.08**	(37)
	1st Quarter	10.32	(13)	10.10	(5)
	2nd Quarter	10.12	(10)	9.88	(5)
	3rd Quarter	10.36	(8)	9.65	(2)
	4th Quarter	10.34	(11)	9.88	(4)
2011	**Full Year**	**10.29**	(42)	**9.92**	(16)
	1st Quarter	10.84	(12)	9.63	(5)
	2nd Quarter	9.92	(13)	9.83	(8)
	3rd Quarter	9.78	(8)	9.75	(1)
	4th Quarter	10.10	(25)	10.07	(21)
2012	**Full Year**	**10.17**	(58)	**9.94**	(35)
	1st Quarter	10.24	(15)	9.57	(3)
	2nd Quarter	9.84	(7)	9.47	(6)
	3rd Quarter	10.06	(7)	9.60	(1)
	4th Quarter	9.90	(21)	9.83	(11)
2013	**Full Year**	**10.02**	(50)	**9.68**	(21)
	1st Quarter	10.23	(8)	9.54	(6)
	2nd Quarter	9.83	(5)	9.84	(8)
	3rd Quarter	9.87	(12)	9.45	(6)
	4th Quarter	9.78	(13)	10.28	(6)
2014	**Full Year**	**9.91**	**(38)**	**9.78**	**(26)**
2015	**1st Quarter**	**10.37**	(9)	**9.47**	(3)

Exhibit No. PA-305

Electric Utilities--Summary Table

	Period	ROR %	(# Cases)	ROE %	(# Cases)	Eq. as % Cap. Struc.	(# Cases)	Amt. $ Mil.	(# Cases)
2001	Full Year	8.93	(15)	11.09	(18)	47.20	(13)	14.2	(21)
2002	Full Year	8.72	(20)	11.16	(22)	46.27	(19)	-475.4	(24)
2003	Full Year	8.86	(20)	10.97	(22)	49.41	(19)	313.8	(12)
2004	Full Year	8.44	(18)	10.75	(19)	46.84	(17)	1,091.5	(30)
2005	Full Year	8.30	(26)	10.54	(29)	46.73	(27)	1,373.7	(36)
2006	Full Year	8.24	(24)	10.36	(26)	48.67	(23)	1,465.0	(42)
2007	Full Year	8.22	(38)	10.36	(39)	48.01	(37)	1,401.9	(46)
2008	Full Year	8.25	(35)	10.46	(37)	48.41	(33)	2,899.4	(42)
2009	Full Year	8.23	(38)	10.48	(39)	48.61	(37)	4,192.3	(58)
2010	Full Year	7.99	(59)	10.34	(59)	48.45	(54)	5,567.7	(77)
2011	Full Year	8.00	(43)	10.29	(42)	48.26	(42)	2,853.5	(56)
2012	Full Year	7.95	(51)	10.17	(58)	50.55	(52)	3,131.5	(70)
	1st Quarter	7.81	(13)	10.24	(15)	49.02	(13)	765.8	(16)
	2nd Quarter	7.64	(7)	9.84	(7)	50.56	(6)	653.6	(10)
	3rd Quarter	7.86	(8)	10.06	(7)	50.77	(8)	734.4	(11)
	4th Quarter	7.46	(17)	9.90	(21)	48.20	(16)	1,315.8	(25)
2013	**Full Year**	**7.66**	**(45)**	**10.02**	**(50)**	**49.25**	**(43)**	**3,469.6**	**(62)**
	1st Quarter	7.71	(6)	10.23	(8)	51.08	(8)	251.4	(9)
	2nd Quarter	7.81	(3)	9.83	(5)	49.12	(4)	92.5	(6)
	3rd Quarter	7.55	(11)	9.87	(12)	50.12	(11)	651.5	(16)
	4th Quarter	7.61	(12)	9.78	(13)	50.96	(11)	1,039.1	(19)
2014	**Full Year**	**7.63**	**(32)**	**9.91**	**(38)**	**50.50**	**(34)**	**2,034.5**	**(50)**
2015	**1st Quarter**	**7.79**	**(9)**	**10.37**	**(9)**	**51.91**	**(9)**	**222.5**	**(11)**

Gas Utilities--Summary Table

	Period	ROR %	(# Cases)	ROE %	(# Cases)	Eq. as % Cap. Struc.	(# Cases)	Amt. $ Mil.	(# Cases)
2001	Full Year	8.51	(6)	10.95	(7)	43.96	(5)	114.0	(11)
2002	Full Year	8.80	(20)	11.03	(21)	48.29	(18)	303.6	(26)
2003	Full Year	8.75	(22)	10.99	(25)	49.93	(22)	260.1	(30)
2004	Full Year	8.34	(21)	10.59	(20)	45.90	(20)	303.5	(31)
2005	Full Year	8.25	(29)	10.46	(26)	48.66	(24)	458.4	(34)
2006	Full Year	8.51	(16)	10.43	(16)	47.43	(16)	444.0	(25)
2007	Full Year	8.12	(32)	10.24	(37)	48.37	(30)	813.4	(48)
2008	Full Year	8.48	(30)	10.37	(30)	50.47	(30)	884.8	(41)
2009	Full Year	8.15	(28)	10.19	(29)	48.72	(28)	475.0	(37)
2010	Full Year	7.95	(38)	10.08	(37)	48.56	(38)	816.7	(49)
2011	Full Year	8.09	(18)	9.92	(16)	52.49	(14)	436.3	(31)
2012	Full Year	7.98	(30)	9.94	(35)	51.13	(32)	263.9	(41)
	1st Quarter	7.31	(3)	9.57	(3)	48.80	(3)	39.0	(6)
	2nd Quarter	7.21	(5)	9.47	(6)	51.21	(5)	259.1	(12)
	3rd Quarter	7.53	(1)	9.60	(1)	53.84	(1)	6.1	(3)
	4th Quarter	7.47	(11)	9.83	(11)	50.52	(11)	189.5	(16)
2013	**Full Year**	**7.39**	**(20)**	**9.68**	**(21)**	**50.60**	**(20)**	**493.7**	**(37)**
	1st Quarter	7.67	(6)	9.54	(6)	51.14	(6)	23.5	(9)
	2nd Quarter	7.76	(8)	9.84	(8)	52.12	(8)	62.2	(12)
	3rd Quarter	7.40	(8)	9.45	(6)	49.51	(8)	329.1	(11)
	4th Quarter	7.96	(7)	10.28	(6)	52.35	(7)	115.5	(16)
2014	**Full Year**	**7.69**	**(29)**	**9.78**	**(26)**	**51.25**	**(29)**	**530.3**	**(48)**
2015	**1st Quarter**	**6.41**	**(2)**	**9.47**	**(3)**	**50.41**	**(2)**	**168.7**	**(9)**

ELECTRIC UTILITY DECISIONS

Date	Company (State)	ROR %	ROE %	Common Eq. as % Cap. Str.	Test Year & Rate Base	Amt. $ Mil.
2014	***FULL-YEAR: AVERAGES/TOTAL***	***7.63***	***9.91***	***50.50***		***2,034.5***
	OBSERVATIONS	***32***	***38***	***34***		***50***
1/23/15	PacifiCorp (WY)	7.41	9.50	51.43	6/15-A	20.2
2/4/15	Monongahela Power/Potomac Ed. (WV)	--	--	--	12/13	124.3 (B,1)
2/18/15	Virginia Electric and Power (VA)	7.88	11.00	52.03	3/16-A	36.9 (LIR,B,2)
2/24/15	Public Service Co. of Colorado (CO)	7.55	9.83	56.00	12/13-YE	-39.4 (I,B)
3/2/15	Black Hills Power (SD)	7.76	--	--	9/13-A	6.9 (I,B)
3/12/15	Virginia Electric and Power (VA)	8.40	12.00	52.03	3/16-A	-6.4 (LIR,3)
3/12/15	Virginia Electric and Power (VA)	7.88	11.00	52.03	3/16-A	11.4 (LIR,B,4)
3/12/15	Virginia Electric and Power (VA)	7.88	11.00	52.03	3/16-A	5.8 (LIR,5)
3/18/15	Jersey Central Power & Light (NJ)	8.01	9.75	50.00 (Hy)	12/11-YE	-115.0 (D)
3/25/15	PacifiCorp (WA)	7.30	9.50	49.10	12/13-A	9.6
3/26/15	Northern States Power-Minnesota (MN)	--	9.72	52.50	12/14	168.2 (I,Z)
2015	***1ST QUARTER: AVERAGES/TOTAL***	**7.79**	**10.37**	**51.91**		**222.5**
	OBSERVATIONS	**9**	**9**	**9**		**11**

GAS UTILITY DECISIONS

Date	Company (State)	ROR %	ROE %	Common Eq. as % Cap. Str.	Test Year & Rate Base	Amt. $ Mil.
2014	***FULL-YEAR: AVERAGES/TOTAL***	***7.69***	***9.78***	***51.25***		***530.3***
	OBSERVATIONS	***29***	***26***	***29***		***48***
1/13/15	Consumers Energy (MI)	--	10.30	--	12/15	45.0 (I,B)
1/14/15	Indiana Gas (IN)	--	--	--	6/14-YE	5.7 (LIR,6)
1/14/15	Southern Indiana Gas & Electric (IN)	--	--	--	6/14-YE	1.5 (LIR,6)
1/21/15	North Shore Gas (IL)	6.26	9.05	50.48	12/15-A	3.5 (R)
1/21/15	Peoples Gas Light & Coke (IL)	6.56	9.05	50.33	12/15-A	71.1 (R)
1/26/15	Piedmont Natural Gas (NC)	--	--	--	10/14	26.6 (LIR,7)
1/27/15	Atmos Energy (KS)	--	--	--	9/14-YE	0.3 (LIR,8)
1/27/15	Northern States Power-Minnesota (MN)	--	--	--	12/15	14.7 (LIR,9)
1/28/15	Northern Indiana Public Service (IN)	--	--	--	6/14-YE	0.3 (LIR,10)
2015	***1ST QUARTER: AVERAGES/TOTAL***	**6.41**	**9.47**	**50.41**		**168.7**
	OBSERVATIONS	**2**	**3**	**2**		**9**

FOOTNOTES

A- Average
B- Order followed stipulation or settlement by the parties. Decision particulars not necessarily precedent-setting or specifically adopted by the regulatory body.
COC- Case involved only the determination of cost-of-capital parameters.
CWIP- Construction work in progress
D- Applies to electric delivery only
DCt Date certain rate base valuation
E- Estimated
F- Return on fair value rate base
Hy- Hypothetical capital structure utilized
I- Interim rates implemented prior to the issuance of final order, normally under bond and subject to refund.
LIR Limited-issue rider proceeding
M- "Make-whole" rate change based on return on equity or overall return authorized in previous case.
R- Revised
Te- Temporary rates implemented prior to the issuance of final order.
U- Double leverage capital structure utilized.
W- Case withdrawn
YE- Year-end
Z- Rate change implemented in multiple steps.
* Capital structure includes cost-free items or tax credit balances at the overall rate of return.

(1) Consolidated rate proceeding for Monongahela Power and Potomac Edison, whose rate schedules were combined.
(2) Increase authorized through a surcharge, Rider W, which reflects in rates the investment in the Warren County Power Station and associated transmission facilities. New rates effective 4/1/15. The indicated overall return and capital structure are place-holders pending a 2015 biennial review.
(3) This proceeding determines the revenue requirement for Rider B, which is the mechanism through which the company recovers costs associated with its plan to convert the Altavista, Hopewell, and Southampton Power Stations to burn biomass fuels. The indicated overall return and capital structure are placeholders pending a 2015 biennial review.
(4) Represents rate increase associated with the company's Rider R proceeding, which is the mechanism through which the company recovers the investment in the Bear Garden generating facility. The indicated overall return and capital structure are placeholders pending a 2015 biennial review.
(5) This proceeding determines the revenue requirement for Rider S, which recognizes in rates the company's investment in the Virginia City Hybrid Energy Center. The indicated overall return and capital structure are placeholders pending a 2015 biennial review.
(6) Initial proceeding to establish the rates to be charged to customers under the company's "compliance and system improvement adjustment" (CSIA) mechanism.
(7) Case involves the company's Integrity Management Rider (IMR), under which it is authorized to track and recover prudently incurred capital investments and associated costs incurred to comply with federal pipeline safety and integrity requirements outside of a general rate case.
(8) Case involves an update to the company's gas system reliability surcharge (GSRS) rider.
(9) Case represents the company's first filing under its Gas Utility Infrastructure Cost (GUIC) Rider.
(10) This is the initial proceeding to establish the rates to be charged to customers under the company's transmission, distribution, and storage system improvement charge (TDSIC) rate adjustment mechanism.

Dennis Sperduto

STANDARD & POOR'S RATINGS SERVICES
McGRAW HILL FINANCIAL

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Summary:
New York State Power Authority; CP; Wholesale Electric

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Rationale

Outlook

Related Criteria And Research

Summary:

New York State Power Authority; CP; Wholesale Electric

Credit Profile		
New York St Pwr Auth adj rate		
Long Term Rating	AA/A-1/Stable	Upgraded
New York St Pwr Auth taxable comm ppr		
Short Term Rating	A-1+	Upgraded
New York St Pwr Auth tax-ex comm ppr 2		
Short Term Rating	A-1+	Upgraded
New York St Pwr Auth CP		
Short Term Rating	A-1+	Upgraded

Rationale

Standard & Poor's Ratings Services has raised its long-term rating on the New York State Power Authority's (NYPA) $1.1 billion of senior debt to 'AA' from 'AA-'. At the same time, Standard & Poor's raised its short-term rating on the authority's subordinate lien series 1-3 commercial paper (CP) and its series 1 extendible municipal CP (EMCP) notes to 'A-1+' from 'A-1'. The CP and EMCP balance outstanding as of Dec. 31, 2013 was $554 million. Standard & Poor's also raised its ratings on NYPA's $106 million senior-lien 1985 adjustable-rate tender notes to 'AA/A-1' from 'AA-/A-1'. The outlook is stable.

The upgrade reflects our assessment of the following factors:

- A track record of consistently strong 2009-2013 fixed charge coverage of at least 2.3x after adjustments for recurring transfer payments to New York State and capacity and tolling payments to other generation owners;
- A very favorable debt-to-capitalization ratio of 31% in 2013, down from 42% in 2009; and
- The utility's forecast that its plans to use cash balances to fund portions of its capital program, which together with the amortization of portions of existing debt, will yield stable debt balances of about $1.7 billion through 2017, as it pursues a large $1.96 billion 2014-2017 capital program.

The authority pays debt service from the net revenues of its electric system.

The 'AA' rating reflects our view of the following strengths:

- NYPA exhibited strong debt service coverage of direct debt of at least 3x since fiscal 2008 (year ended Dec. 31) and at least 5.5x in 2012 and 2013. We treat recurring transfers to the state's economic development programs as operating expenses. We also treat as debt service a portion of tolling payments to other generation owners, rather than treat it as an operating expense, because we view these payments as funding the developer's recovery of investments in generating assets. Although these adjustments dilute coverage, our fixed charge coverage was nevertheless at least 2.3x since 2010 and at least 3.0x in 2012 and 2013.

- The utility's debt burden is low, with a debt-to-capitalization ratio of 31% at Dec. 31, 2013, down substantially from 42% in 2009 and 55% in 2005. The favorable ratio partially reflects the authority's debt reduction achievements and its reliance on other energy suppliers' generation resources to serve substantial portions of its customers' energy needs.
- NYPA benefits from autonomous rate-setting authority and is not subject to New York State Public Service Commission oversight. Nevertheless, we believe the state places meaningful financial demands on the utility that could erode financial strength and flexibility.
- Unrestricted cash and investments of $1.3 billion at year-end 2013 represented more than six months' operating expenses.
- NYPA serves a broad and economically diverse service territory.
- Strong demand for the authority's low cost hydroelectric generation output accounts for more than half of its energy sales, but only about 20% of revenues. Nevertheless, hydroelectric resources are important contributors to NYPA's financial margins.
- The authority benefits from its Southeastern New York customers' election to assume responsibility for variability in power supply costs the utility previously bore.
- Firm transmission rights provide the utility with a financially valuable corridor for moving power generated upstate to New York City.

We believe the utility faces the following exposures:

- As a state authority, NYPA is exposed to substantial political influences, including pressure to contribute to and fund state economic development programs, which we view as having the potential to erode its financial strength. For example, the authority has been charged with making loans to further the state's energy efficiency goals. This nearly $300 million program and other loan programs expose the utility to the creditworthiness of the programs' borrowers.
- NYPA has a history of substantial, but declining transfers of surpluses to the state. Transfers of $65 million in 2013 represented 2% of operating revenues, which was significantly lower than 2009's $119 million and 2010's $147 million, or 4.6% and 5.7% of those years' operating revenues, respectively.
- The authority lent $318 million to the state in 2009 to help it address budget deficits. New York pledged to repay this loan in two installments: $103 million in 2014 and $215 million in 2017. Loan repayment hinges on legislative appropriations and the loans do not constitute state debt. The state did not repay the 2014 maturity in full. Rather, NYPA expects the state to repay 2014's maturity in five annual installments. It received the first Oct. 1. We view the state's substantial transfers and the loan as placing significant demands on liquidity.
- NYPA projects nearly $2 billion of 2014-2017 capital spending. However, it projects stable debt balances of close to $1.7 billion as it funds capital investments. The utility projects stable debt balances based on the amortization of existing debt and the use of balance sheet cash and cash from operations to finance one-half to two-thirds of the projects' costs.
- Sales of hydroelectric facilities' output are important contributors to operating margins and their contributions are susceptible to compromise during periods of drought or low market electricity prices, which could erode financial performance.
- Although customers of the utility's hydroelectric resources pay very low rates, they have historically resisted rate adjustments, which could erode financial flexibility. However, the authority is implementing 18% rate increases for these customers covering 2011-2014. The increases are raising rates to $13 per megawatt-hour from $11.
- About 40% of debt obligations are variable-rate. NYPA mitigates this risk through swaps and caps leaving unhedged about 30% of variable rate debt as a percent of total debt. We believe the ratings on the swap counterparties and the utility provide considerable headroom relative to the termination triggers in the swap documents.

NYPA is a corporate municipal instrumentality and political subdivision of New York State. It primarily sells wholesale electricity to municipal utilities, governmental entities, large industrial and commercial customers, investor-owned utilities, and utilities in neighboring states. Its contracts tend to be medium-to-long-term.

Unlike many other utilities, the authority does not socialize its power supply costs across all customers. Rather, customers pay charges tied to the resources that supply their electricity needs. The utility's low-cost, hydroelectric portfolio mostly benefits its upstate customers. It also sells some of the hydroelectric output to industrial customers in New York State and municipalities within and outside the state. The industrial sales are made to support state economic development programs and the sales to municipalities to meet Federal Energy Regulatory Commission license obligations of the hydroelectric facilities. The authority principally serves its downstate governmental customers' needs with owned and contracted thermal resources that it supplements with market purchases.

NYPA's upstate hydroelectric facilities continue to supply about 50% of the energy it sells. By comparison, the hydroelectric energy's consumers account for only about 20% of energy sales revenues. At the same time, downstate customers accounted for nearly 40% of energy sales and about 60% of revenues. Margins on the low-cost hydroelectric sales and transmission service are substantially greater than those from sales to downstate governmental bodies. Transmission services are also important to the utility's revenue stream.

At year-end 2013, the authority had nearly $1.7 billion in debt, which was 26% lower than 2007's peak debt of $2.3 billion. Management reports that using cash for half to two-thirds of capital spending, together with existing debt's amortization, should lead to stable debt balances.

Debt service coverage of all senior and subordinate capital market obligations has been at least 3x since fiscal 2009 and was 5.5x in 2012 and 2013. Coverage ratios benefit from Entergy Corp.'s annual installment payments for its $967 million purchase of NYPA's interests in the Indian Point 3 and James A. Fitzpatrick nuclear generating stations in 2000. The authority records Entergy's payments of about $72 million per year on its income statement as other income. The payments will continue through 2015. The utility plans to use rate increases to offset the loss of the Entergy payments.

Standard & Poor's analysis also focuses on fixed-charge coverage. We view recurring transfer payments to the state and its economic development programs as operating expenses. In addition, we view tolling payments associated with the 500 MW Astoria Energy LLC combined cycle plant that was added in 2011 as funding the developer's recovery of its investment in the plant. Consequently, we calculate coverage ratios that reflect our view that tolling payments have debt service characteristics rather than operating expense attributes. With these adjustments coverage was about 3x in 2012 and 2013. Applying our adjustments to the authority's financial projections indicates it could achieve all-in fixed charge debt service coverage of at least 2.7x through 2017.

NYPA must maintain liquidity facilities sufficient to cover the CP's principal so long as it is outstanding. The note resolution authorizes up to $1.2 billion of series 1-3 CP, but the revolving credit agreement's $550 million commitment caps the amount of CP the authority can issue. The revolving credit agreement does not cover NYPA's $60 million of EMCP.

The banks' liquidity support obligations could terminate before expiration if there default events tied to the utility's creditworthiness have occurred. Consequently, the short-term CP rating reflects our view of NYPA's capacity to service short-term obligations, rather than the banks' credit quality. Events that would lead to the liquidity facility's automatic termination include an authority insolvency proceeding and three rating agencies' assignment of speculative-grade ratings to the utility's parity subordinate-lien obligations. The revolving credit agreement expires in January 2015.

Outlook

The stable outlook reflects our view of the utility's capacity to perpetuate its consistent record of strong debt service coverage and liquidity. Existing debt's amortization and plans to use cash to fund meaningful portions of the capital program should maintain stable debt balances and improve leverage as the substantial capital program proceeds. The level of transfer payments to state programs, and the state's timely repayment of NYPA's loans to the state will be important to sustaining credit quality. We do not plan to raise or lower the rating during our two-year outlook period.

Related Criteria And Research

Related Criteria

USPF Criteria: Electric Utility Ratings, June 15, 2007

Ratings Detail (As Of November 3, 2014)		
New York St Pwr Auth wholesale elec		
Long Term Rating	AA/Stable	Upgraded
New York St Pwr Auth wholesale elec (MBIA) BHAC)		
Unenhanced Rating	AA(SPUR)/Stable	Upgraded
New York St Pwr Auth rev bnds		
Unenhanced Rating	AA(SPUR)/Stable	Upgraded
New York St Pwr Auth taxable rev bnds ser 2003A dtd 12/18/2003 due 11/15/2008-2013 2018 2023 2028 2033		
Unenhanced Rating	AA(SPUR)/Stable	Upgraded
New York St Pwr Auth wholesale elec		
Unenhanced Rating	AA(SPUR)/Stable	Upgraded

Many issues are enhanced by bond insurance.

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MOODY'S
INVESTORS SERVICE

Rating Update: Moody's upgrades New York Power Authority to Aa1, outlook stable

Global Credit Research - 12 Nov 2014

Approximately $1.1 billion of revenue bonds affected

NEW YORK STATE POWER AUTHORITY
Electric Distribution and Generation
NY

Opinion

NEW YORK, November 12, 2014 --Moody's Investors Service has upgraded the New York State Power Authority's (NYPA or the Authority) approximately $1.1 billion of revenue bonds outstanding to Aa1 from Aa2, and affirmed its short-term ratings for commercial paper and variable rate bonds at P-1 and VMIG 1 respectively. The outlook for NYPA is stable.

SUMMARY RATING RATIONALE

The upgrade reflects disciplined financial practices that will enable NYPA to expand on its strategic objectives of providing low cost, reliable, clean energy in a manner the encourages business development in the State of New York. Its credit metrics are among the strongest of all U.S. public power electric utilities with generation ownership in our rated universe. The Authority is an integral part of State supported plans to reinforce and modernize New York's electric grid and promote economic development and efficiency. As the owner of over 3,200 MWs of upstate hydroelectric facilities, and about a third of the State's high-voltage transmission facilities, NYPA is uniquely positioned to provide very low-cost, clean energy in support of State goals. The Authority's strong balance sheet positions it well to continue to invest in the modernization and expansion of its system while maintaining solid financial metrics and, given the current credit profile of New York State (Aa1, General Obligation) we anticipate future transfers to the state will be relatively modest, and we expect the State will continue the return of funds that were temporarily transferred to it in 2009.

Strengths

Competitive advantage provided by well run low-cost hydro units

Instrumentality of the State - key to achieving economic development and policy goals

Strong internal financial liquidity and debt service coverage with limited use of leverage

Challenges

Significant, over $2 billion, capital improvement to be undertaken in conjunction with State policy goals

Exposure to interest rate volatility/counter party credit risk as a result of expanding energy efficiency programs

Has been called upon to provide financial support to the State

Outlook

The stable outlook considers NYPA's strong management of its financial operations, limited leverage and favorable cost position. The stable outlook assumes NYPA's capital program will be financed in a balanced manner and that it will be able to recover the costs of these programs in a timely fashion. The outlook assumes that growing energy efficiency programs are managed in a way to limit counterparty credit exposure. The stable outlook assumes NYPA will be successful in replacing its revolving credit facilities with favorable terms prior to their current January 2015 termination date.

What Could Change the Long Term Rating - Down

The rating could face downward pressure there were to be additional unexpected transfers to the State of New York, if the Authority was to fund its capital program in a manner that was inconsistent with maintaining or improving financial metrics, if it were to be unable or unwilling to recover the cost of these programs, if annual debt service coverage were to remain below 2.0 x, or if there were to be significant losses relating to NYPA's energy efficiency programs.

What Could Change the Long Term Rating - Up

The rating is well positioned at its current Aa1 level.

Issuer Description

The New York State Power Authority was created in 1931 and formed the basis for later federal power initiatives such as the Tennessee Valley Authority and the Bonneville Power Authority. NYPA is primarily a provider of wholesale power, but it also has a large direct industrial and commercial customer base, which is growing as a result of State mandated programs such as Recharge NY that are designed to support business development through the provision of low-cost electricity. NYPA's customers include 51 New York municipal and rural cooperatives electric systems, seven out-of-state public systems, three investor-owned utilities, two public transportation agencies, over 100 public agencies in southeast New York, and over 600 individual business or non-for profit customers. About 60% of 2013 revenues were derived from southeast New York governmental customers (representing about 25% of volume); 20% from upstate New York hydro customers (includes municipal and industrial); and 6% from transmission customers. Hydro generation accounts for about half of NYPA's delivered energy, and about 70% of its own production.

NYPA is governed by a seven-member Board of Trustees who are nominated by the Governor and confirmed by the State Senate. The board has broad rate setting authority for its power sales agreements as well as its tariff customers. Transmission rates are regulated by the Federal Energy Regulatory Commission. NYPA management has prudent debt and risk management policies and maintains strong internal financial liquidity.

DETAILED CREDIT DISCUSSION

Competitive advantage provided by low-cost hydro generation assets

As the owner of approximately 3,200 MW of Great Lakes basin hydro-electric generation facilities, NYPA is uniquely positioned to provide its customers with some of the nation's lowest cost, most dependable, electric power. At average water flow, NYPA hydroelectric generation represents about 70% of NYPA's net generation. The plants have historically demonstrated very high levels of availability, with factors that average around 90%.

The hydro units are powered by the massive quantities of water that flow from the Great Lakes basin to the Atlantic Ocean. Precipitation over the Great Lakes can have an impact on net generation levels; however forecasting is relatively predictable as it takes several years for the water to flow down from the upper lakes. The St. Lawrence plant spans the St. Lawrence River between New York and Canada below Lake Ontario capturing water flowing from all five lakes. Its capacity factors, as reported by SNL Financial, have typically been above 90%. The Niagara plant is powered by the diversion of water from the Niagara River between Lake Erie and Ontario upstream from Niagara Falls. During daylight hours during tourist season, the amount of water diverted to the power dam is managed to assure a minimum flow over the falls. As a result, in recent years the reported capacity factor of the Niagara hydroelectric plant has ranged closer to 70%.

The average annual generation from the plants over the past 5 years was 20.6 TWh versus a long term average of 20.2 TWh. While generation in 2013 was 19.6 TWh, water levels in Lakes Superior and Michigan are reported to currently be at their highest levels since the late 1990s; as a result power production for the next few years is expected to be somewhat higher. For 2014, the current production forecast is 20.9 TWh versus an original budget of 19.95 TWh. For 2015, NYPA's multi-year plan assumes hydro electric output of over 21.8; NYPA now believes the estimate for 2015 will also be adjusted upward.

NYPA continues to demonstrate its capability in operating these significant assets. Life extension and modernization programs, including the replacement of all turbines, have been completed at both the 2,400 MW Niagara and the 800 MW St. Lawrence -FDR hydroelectric plants, and the Federal Energy Regulatory Commission (FERC) has relicensed each of the facilities for another 50 years - through 2050. NYPA is now in the process of a life extension and modernization project at the 240 MW Lewiston pump-storage facility that is located at Niagara.

The average production cost of NYPA's hydroelectric generation is in the $10/MWh range which compares very favorably to the regional marginal cost of power. As discussed below, the benefit of this low cost power is passed on, in some form or fashion, to the majority of NYPA's customers based on Federal and/or State law.

NYPA serves as an instrumentality of the State and plays a key part in its economic development goals

NYPA derives its authority from New York's Power Authority Act, which also makes NYPA responsible for providing transmission and generation services to New York customers. One of NYPA's major missions is providing low-cost energy and capacity to large high load factor industries and employers in upstate New York. NYPA also provides an essential service to its downstate governmental and non-profit customers, providing them a relatively low cost power option, and they have historically been called upon for special projects to assure grid reliability and resource capacity in the New York City area. NYPA has been able to fulfill its important role while maintaining financial discipline and a very strong balance sheet. The Aa1 rating assumes this historic financial discipline will continue and also assumes NYPA will ultimately be able to recover the costs associated with responding to additional State objectives.

Since its inception, NYPA has an important role in economic development in upstate with the supply of low cost electricity. Over the years hydro output from the Niagara and St. Lawrence plants has been allocated to various types of customers, some, for example municipal and co-operative systems, pay cost based rates, whereas others, such as industrial customers, may pay somewhat higher rates, but always below prevailing market levels. Special funds, created by the sale of electricity generated from excess hydro capacity, have also been established to continue development in the upstate region. NYPA also provides power to over 100 municipalities, school districts and public agencies located in New York City and Westchester County.

More recently, the Recharge New York Power Program is an initiative that commenced in 2012 with the goal of spurring further economic development. The program allocates 455 MW of hydropower from the Niagara and St. Lawrence-FDR projects combined with 455 MW of market-based power purchases to businesses and not-for-profit corporations in return for job commitments and capital investments. At the end of 2013, a total of 735 MW has been allocated to over 500 businesses and not-for-profits throughout the state. In exchange, these employers have agreed to create more that 384,000 positions and invest over $31 billion in capital improvements to their facilities. The power from the hydro units was withdrawn from upstate investor owned utility residential customers; these customers are now receiving a subsidy that is being phased out over a period of years.

Downstate, NYPA's is responsible for providing reliable cost effective service to an assortment of primarily governmental customers including the Metropolitan Transit Authority (MTA); the City of New York; the Port Authority of New York and New Jersey; the New York City Housing Authority; New York State Office of General Services; and Westchester County. NYPA is generally insulated from the operational and financial risks of serving its downstate customers. The New York City Governmental customers are served under contracts with rates that adjust annually to reflect increases in fixed costs and monthly to pass-through changes in variable costs including fuel and purchased power and NYISO-related costs. The current contracts expire December 31, 2017 and the customers also have a right to terminate the service with notice. However, in the event of a termination, the customers would have to compensate NYPA for any above market costs associated with purchased power resources used to supply them, including any energy/capacity hedges. They would also be required to assume the contract for the purchase of capacity from the 550 MW gas-fired Astoria Energy II project that was put in place to serve them. This provision protects NYPA from any unrecoverable costs.

NYPA provides power to its downstate customers via market purchases and with power generated by its own 500 MW gas-fired plant in Astoria Queens, as well as 550 MW contracted from Astoria Energy II. NYPA's access to transmission (it owns approximately 1,400 circuit miles, more than any state utility) provides the Authority an advantage when purchasing power in the market which along with the efficiency of its controlled assets, results in a cost savings to its downstate customers. NYPA works closely with its customers to agree on hedging strategies and they estimate their customer's costs are about 20% below its competitors' rates.

NYPA has also been called upon to implement State and City reliability objectives. In the past, NYPA was called upon to shore up reliability by quickly building in-city generation in transmission constrained New York City. In 2005, NYPA installed 11 peaking units with a total of 440 MW of net dependable capacity. NYPA accelerated the retirement of the debt issued to finance those units using the energy margins earned to pay off the debt. Currently, they are utilized only for grid reliability; power produced by them units is sold entirely on a merchant basis.

More recently, in an effort to assure reliability and provide the ability to access historically lower priced power from PJM, in 2011 NYPA contracted with Hudson Transmission Partners for 75% of the capacity of a 660 MW transmission line extending from Bergen County New Jersey to Con Edison's West 49th street substation in midtown Manhattan. The line became partially operational in 2013 and is currently operating on a merchant basis.

Based on current market prices, NYPA's forecast assumes there will be approximately $50-$70 million of under-recovery during each of the first few years of the line's operation. Under the terms of the contract, these amounts are tracked and may be used to reduce the price of NYPA's purchase option at the end of the 20 year contract. NYPA's credit profile is strong enough to manage through this period of under-recovery; however, to the extent NYPA were to commit to additional large projects without a clear path to timely recovery through rates or contracts, there could be downward pressure on its Aa1 rating.

Significant capital improvement program

NYPA estimates expenditures for its internal capital improvement program over the 2015-2018 period will be approximately $1.4 billion. Average annual expenditures of about $300 million per year are about twice that of prior periods. The majority of the expenditures over the period will be made in conjunction with transmission upgrades including an approximately $726 million, 12 year, transmission life extension and modernization (TLEM) project that will is part of a State initiative to improve grid reliability. Life extension and management activities are also planned at the Niagara Lewiston pumped storage plant. NYPA anticipates these projects will be funded in a manner consistent with its targeted capitalization of about 1/3 debt to capital, and indicates they have accumulated over $800 million in a capital reserve for these projects. As a result, debt outstanding is expected to remain fairly constant. NYPA has a history of successful project completion, and we anticipate the costs of these projects will ultimately be recovered through timely adjustments to customer rates.

Expansion of energy efficiency programs

In addition to its internal capital program, NYPA's 2015-2018 capital budget includes about $800 million for energy efficiency improvements attributed to the BuildSmart NY initiative. This particular program has been spurred by a 2012 Executive Order from the Governor directing state agencies to collectively reduce consumption at state owned buildings by 20 percent within seven years. As part of this initiative, NYPA has offered to provide $450 million in low-cost financing for state owned buildings, and another $350 million for towns and municipalities and certain other non-for profits, to complete energy efficiency projects. NYPA has had a similar program in place for governmental customers and state owned buildings since the 1980s, with program expenditures in the range of $200 million per year. Going forward, the program has been expanded to a wider range of customers, and the annual expenditures are expected to increase by about $25-$50 million per year program wide.

The cost of the programs, including financing, are ultimately paid by the program participants, the largest of which the City of New York. The recovery time on the investments is tied to the savings of the program participants; this could be as long as, on average, seven to ten years, but historically about half of the funds lent by NYPA have been returned upon project completion, or in about six to eighteen months. Given the short term nature of the investments, NYPA has historically funded the program entirely through the issuance of commercial paper. As a result NYPA's balance sheet includes a relatively large component of variable rate debt (approximately 20%); however, as the cost of the financing is passed directly to the program participants, NYPA's is shielded from interest rate risk, but exposed to the credit risk. To date, there have been no losses on the program. Historically the incentive was focused only on state customers, going forward it will also include municipalities and certain non-profits such as hospitals and universities, however, the City of New York is still expected to remain the most significant participant. NYPA management is focused on ways to best manage this potential additional credit exposure and to consider alternate forms of financing rather than its commercial paper program.

NYPA has been called upon to provide financial support to the State

NYPA is fiscally independent from the State and it receives no tax revenue. The Authority's rates are set by its board of trustees without the need for state regulatory board approval and NYPA has a history of adjusting its rates as necessary to recover the cost of operating and investing in its system while maintaining a strong financial position. The Authority is however authorized to make annual voluntary contributions to the State, which is typically done in conjunction with the State budget. In 2011, the NYPA board adopted a Policy Statement that it will use a 2.00 times debt service coverage ratio as a reference point in considering any transfer of funds.

Although transfers to the State are voluntary and may only be made if not needed for operating expenses or debt service, as the funds are typically expected as part of the state budget, we calculate our fixed obligation coverage after payment of these contributions. Annual voluntary contributions have ranged between $65 and $90 million, with contributions of $90 million being authorized for 2014 and 2015. This level of contribution equates to under 3% of revenues and is considered manageable. The requirement for a 2.0 times debt service coverage ratio also provides some protection for the Authority and its bondholders. Moody's recognizes that the practice of funds transfers from public power enterprises to their host governments is not unusual. The quantum, predictability and discipline around such periodic transfers are key considerations. Based on historic experience, enterprise visibility, and the strength of management we assume that NYPA will be able to manage funds transfers appropriately.

In 2009, as a result of fiscal stress at the State level, additional temporary transfers totaling $318 million were made out of funds on hand in NYPA's spent fuel and capital project reserves. These funds have now begun to be returned. The $103 million of capital project funds was to be repaid as needed by NYPA or by 2014; however, in April 2014 NYPA agreed to accept repayment in annual installments made during 2014-2018. The $215 million of spent fuel reserves are scheduled to be returned by 2017, we expect this repayment may also be stretched out over several years.

Since 2009, the financial position of State of New York has improved, and in June 2014 its General Obligation bonds were upgraded to Aa1. As a result, we do not anticipate the State will be requesting additional temporary transfers in the foreseeable future. To the extent the State was to once again feel the need to tap NYPA's cash reserves, it could put downward pressure on the rating of NYPA.

Prudent management results in strong financial position

The financial flexibility provided by NYPA's strong balance sheet and debt service coverage ratios are a key factor in its Aa1 rating. Historically, NYPA pursued an aggressive debt-management strategy targeted at eliminating generation-related debt with the intent of lowering its fixed costs and thus its customers' power rates. As a result, it reduced outstanding revenue bond debt (including commercial paper notes) to about $1.7 billion in 2013 from $3.5 billion in 1994. The strategy has positioned NYPA well to implement its current large capital program, and as a result, total funded debt is expected to remain fairly constant about $1.7 billion. This is consistent with NYPA's goal of maintaining a ratio of 35% debt-to-capital (excluding capital leases). As of December 31, 2013, total debt (including capital lease obligations of about $1.2 billion) is about $2.9 billion and results in a Moody's calculated debt ratio (total debt / (fixed assets plus working capital) of about 50%, which is one of the lowest of any major U.S. public power electric utility with generation in our rated universe.

NYPA has also been proactive in implementing rate increases to recover the cost of increased investments in its hydro electric assets and its transmission system. In 2011, the board approved four year rate increases for its hydro customers that were phased in through 2014, and in 2013 NYPA received FERC approval for its first ever transmission rate increase. As a result, NYPA's fixed obligation coverage ratios, as calculated by Moody's on the basis of net revenues derived from the income statement after State contributions and including capital lease payments, has averaged above 2.4 times, which scores near the upper end of the Aa range for that metric in our rating methodology for U.S. Public Power Electric Utilities with Generation Ownership Exposure (the Rating Methodology). Going forward, based on NYPA's forecast of increased hydro generation, we anticipate coverage ratios will move above 2.5 times, which is the lower boundary of the Aaa range for that metric in the Rating Methodology. In sensitivity testing of lower than average hydro flows, coverage still remains strong at around 2.3 times. NYPA's exposure to hydrology risk is limited by the interruptible nature of its supply contracts.

Liquidity

NYPA's liquidity position is very strong. As of year-end 2013 the Authority had approximately $1.3 billion (195 days) of unrestricted cash on hand and over $200 million available under its commercial paper programs, bringing total available liquidity to over 200 days of operating expenses.

NYPA's external liquidity includes various commercial paper programs that have a total face amount of $1.4 billion and are supported by $550 million of revolving credit facilities. By board resolution, issuance under the program may not exceed the amount of available revolving credit. As of December 31, 2013, there was approximately $460 million of commercial paper outstanding under these programs. The existing revolving credit facilities are scheduled to terminate in January 2015, and NYPA has issued a request for proposals to replace them. We anticipate the NYPA will be successful in replacing the credit facilities prior to their termination date at favorable terms.

As discussed above, NYPA's commercial paper program is primarily used as a means to fund energy efficiency programs for qualified participants. As of December 31, 2013, approximately $450 million of the commercial paper outstanding was associated with these programs.

NYPA also has a $200 million extendible commercial paper program, which does not have revolver backing. Under this program, any commercial paper not repaid on its specified repayment date automatically becomes due 270 days later. This program was primarily put in place to take out debt incurred in conjunction with NYPA's construction of its 500 MW gas plant. NYPA has been reducing amounts outstanding under the program according to a schedule that is similar to the original debt amortization schedule. As of December 31, 2013, there was $62 million of commercial paper outstanding under this program.

Going forward, NYPA anticipates funding a significant portion of its internal capital expenditure program from internal sources, with only a modest (approximately 25%) portion of debt financing.

Bond Security

NYPA's revenue bonds are payable and secured by a pledge of the Trust Estate including all revenues derived from the operation of any of NYPA's facilities. The rate covenant is sum sufficient. Moody's considers the security provisions weak because there is no debt service reserve account other than $20 million designated for the 1985 adjustable rate tender notes (currently $96 million outstanding). This risk is mitigated to some extent by the Authority's very strong internal liquidity, which includes approximately 200 days of cash on hand. The Power Authority Act constitutes a pledge of the state to debt obligation holders not to limit or alter the rights vested in the NYPA until such obligations are met.

Moody's evaluates NYPA's financial performance relative to the U.S. Public Power Electric Utilities with Generation Ownership Exposure methodology, and as depicted below, the grid indicated rating for NYPA is Aa2, one notch below NYPA's current Aa1 rating. We note that the credit metrics scored in Factor 5 - Financial Strength are generally all at the upper end of their respective scoring ranges. We also note the scope of NYPA's operations and integral role in delivering the State's long term policy objectives.

METHODOLOGY SCORECARD FACTORS

Factor 1 - Cost Recovery Framework within Service Territory (25% weight): Aaa

Factor 2 - Willingness to Recover Costs with Sound Financial Metrics (25% weight): Aa

Factor 3 - Management of Generation Risk (10% weight): Aa

Factor 4 - Competitiveness (10% weight): Aaa

Factor 5 - Financial Strength - Adjusted Days liquidity on Hand (3 year average - 245; 2013 - 229): Aa

Factor 5 - Financial Strength - Debt Ratio (3 year average - 53%; 2013 - 50%): A

Factor 5 - Financial Strength - Adjusted Debt Service Coverage (3 year average - 2.49; 2013 - 2.40): Aa

Notching Factors - Financial (DSRF below maximum annual debt service): -0.5

Scorecard Indicated Rating: Aa2

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RATING METHODOLOGIES

The principal methodology used in this rating was U.S. Public Power Electric Utilities with Generation Ownership Exposure published in November 2011. The additional methodology used in rating the commercial paper notes and variable rate bonds was the Rating Methodology for Municipal Bonds and Commercial Paper Supported by a Borrower's Self-Liquidity published in January 2012. Please see the Credit Policy page on www.moodys.com for a copy of these methodologies.

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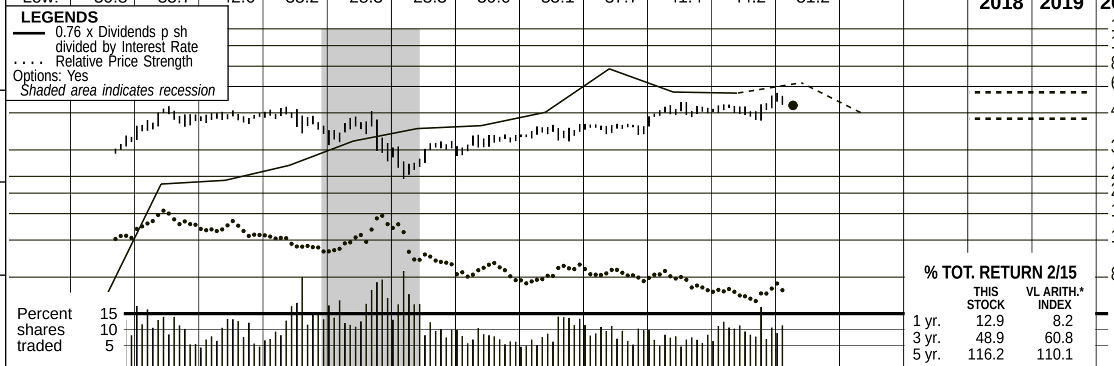
ALLETE NYSE-ALE

RECENT PRICE	52.12	P/E RATIO	18.1 (Trailing: 18.0 / Median: 16.0)	RELATIVE P/E RATIO	0.98	DIV'D YLD	3.9%	VALUE LINE

TIMELINESS 3 Lowered 9/19/14
SAFETY 2 New 10/1/04
TECHNICAL 3 Raised 3/20/15
BETA .80 (1.00 = Market)

High:	37.5	51.7	49.3	51.3	49.0	35.3	37.9	42.5	42.7	54.1	58.0	59.7
Low:	30.8	35.7	42.6	38.2	28.3	23.3	30.0	35.1	37.7	41.4	44.2	51.2

Target Price Range
2018 | 2019 | 2020



% TOT. RETURN 2/15

	THIS STOCK	VL ARITH.* INDEX
1 yr.	12.9	8.2
3 yr.	48.9	60.8
5 yr.	116.2	110.1

2018-20 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	60	(+15%)	*8%*
Low	45	(-15%)	*1%*

Insider Decisions

	A	M	J	J	A	S	O	N	D
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	1	0	0	1
to Sell	0	0	0	0	1	1	0	0	1

Institutional Decisions

	2Q2014	3Q2014	4Q2014
to Buy	98	104	97
to Sell	75	75	90
Hld's(000)	29801	29758	32344

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
- -	- -	- -	- -	- -	25.30	24.50	25.23	27.33	24.57	21.57	25.34	24.75	24.40	24.60	24.77	*28.20*	*30.15*	Revenues per sh	*35.00*
- -	- -	- -	- -	- -	2.97	3.85	4.14	4.42	4.23	3.57	4.35	4.91	5.01	5.35	5.68	*6.15*	*6.60*	"Cash Flow" per sh	*8.00*
- -	- -	- -	- -	- -	1.35	2.48	2.77	3.08	2.82	1.89	2.19	2.65	2.58	2.63	2.90	*3.05*	*3.25*	Earnings per sh A	*4.00*
- -	- -	- -	- -	- -	.30	1.25	1.45	1.64	1.72	1.76	1.76	1.78	1.84	1.90	1.96	*2.02*	*2.10*	Div'd Decl'd per sh B ■ †	*2.40*
- -	- -	- -	- -	- -	2.12	1.95	3.37	6.82	9.24	9.05	6.95	6.38	10.30	7.93	12.48	*5.90*	*4.90*	Cap'l Spending per sh	*5.50*
- -	- -	- -	- -	- -	21.23	20.03	21.90	24.11	25.37	26.41	27.26	28.78	30.48	32.44	35.06	*36.55*	*37.80*	Book Value per sh C	*42.25*
- -	- -	- -	- -	- -	29.70	30.10	30.40	30.80	32.60	35.20	35.80	37.50	39.40	41.40	45.90	*47.50*	*47.75*	Common Shs Outst'g D	*48.50*
- -	- -	- -	- -	- -	25.2	17.9	16.5	14.8	13.9	16.1	16.0	14.7	15.9	18.6	17.2	*Bold figures are*		Avg Ann'l P/E Ratio	*13.5*
- -	- -	- -	- -	- -	1.33	.95	.89	.79	.84	1.07	1.02	.92	1.01	1.05	.91	*Value Line*		Relative P/E Ratio	*.85*
- -	- -	- -	- -	- -	.9%	2.8%	3.2%	3.6%	4.4%	5.8%	5.0%	4.6%	4.5%	3.9%	3.9%	*estimates*		Avg Ann'l Div'd Yield	*4.5%*

CAPITAL STRUCTURE as of 12/31/14
Total Debt $1377.2 mill. **Due in 5 Yrs** $285.6 mill.
LT Debt $1272.8 mill. **LT Interest** $57.3 mill.
(LT interest earned: 3.9x)
Leases, Uncapitalized Annual rentals $13.4 mill.

Pension Assets-12/14 $544.2 mill.
Oblig. $714.5 mill.

Pfd Stock None

Common Stock 45,953,851 shs.
as of 2/1/15

MARKET CAP: $2.4 billion (Mid Cap)

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		18-20
737.4	767.1	841.7	801.0	759.1	907.0	928.2	961.2	1018.4	1136.8	*1340*	*1440*	Revenues ($mill)	*1700*
68.0	77.3	87.6	82.5	61.0	75.3	93.8	97.1	104.7	124.8	*140*	*155*	Net Profit ($mill)	*190*
28.4%	37.5%	34.8%	34.3%	33.7%	37.2%	27.6%	28.1%	21.5%	22.6%	*15.0%*	*15.0%*	Income Tax Rate	*15.0%*
.4%	1.4%	6.6%	5.8%	12.8%	8.9%	2.7%	5.3%	4.4%	6.3%	*4.0%*	*2.0%*	AFUDC % to Net Profit	*2.0%*
39.1%	35.1%	35.6%	41.6%	42.8%	44.2%	44.3%	43.7%	44.6%	44.2%	*44.0%*	*43.0%*	Long-Term Debt Ratio	*42.0%*
60.9%	64.9%	64.4%	58.4%	57.2%	55.8%	55.7%	56.3%	55.4%	55.8%	*56.0%*	*57.0%*	Common Equity Ratio	*58.0%*
990.6	1025.6	1153.5	1415.4	1625.3	1747.6	1937.2	2134.6	2425.9	2882.2	*3090*	*3155*	Total Capital ($mill)	*3525*
860.4	921.6	1104.5	1387.3	1622.7	1805.6	1982.7	2347.6	2576.5	3286.4	*3565*	*3640*	Net Plant ($mill)	*3975*
8.0%	8.6%	8.6%	6.7%	4.8%	5.4%	6.0%	5.6%	5.3%	5.2%	*5.5%*	*6.0%*	Return on Total Cap'l	*6.5%*
11.3%	11.6%	11.8%	10.0%	6.6%	7.7%	8.7%	8.1%	7.8%	7.8%	*8.0%*	*8.5%*	Return on Shr. Equity	*9.5%*
11.3%	11.6%	11.8%	10.0%	6.6%	7.7%	8.7%	8.1%	7.8%	7.8%	*8.0%*	*8.5%*	Return on Com Equity E	*9.5%*
5.2%	5.0%	5.8%	3.9%	.5%	1.5%	2.9%	2.3%	2.2%	2.5%	*2.5%*	*3.0%*	Retained to Com Eq	*3.5%*
54%	57%	51%	61%	93%	81%	66%	71%	72%	67%	*67%*	*65%*	All Div'ds to Net Prof	*61%*

ELECTRIC OPERATING STATISTICS

	2012	2013	2014
% Change Retail Sales (KWH)	+1.1	-1.1	+.5
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	5.24	5.45	6.09
Capacity at Peak (Mw)	1790	1793	1985
Peak Load, Winter (Mw) F	1633	1646	1637
Annual Load Factor (%)	79.0	NA	NA
% Change Customers (avg.)	+.5	NA	NA
Fixed Charge Cov. (%)	341	306	345

ANNUAL RATES

of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
Revenues	-.5%	- -	*6.0%*
"Cash Flow"	6.0%	5.5%	*7.0%*
Earnings	7.0%	1.0%	*7.0%*
Dividends	NMF	2.0%	*4.0%*
Book Value	4.5%	5.0%	*4.5%*

QUARTERLY REVENUES ($ mill.)

Cal-endar	Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2012	240.0	216.4	248.8	256.0	961.2
2013	263.8	235.6	251.0	268.0	1018.4
2014	296.5	260.7	288.9	290.7	1136.8
2015	*320*	*325*	*345*	*350*	*1340*
2016	*360*	*345*	*365*	*370*	*1440*

EARNINGS PER SHARE A

Cal-endar	Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2012	.66	.39	.78	.75	2.58
2013	.83	.35	.63	.82	2.63
2014	.80	.40	.97	.73	2.90
2015	*.85*	*.45*	*.85*	*.90*	*3.05*
2016	*.95*	*.45*	*.90*	*.95*	*3.25*

QUARTERLY DIVIDENDS PAID B ■ †

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.445	.445	.445	.445	1.78
2012	.46	.46	.46	.46	1.84
2013	.475	.475	.475	.475	1.90
2014	.49	.49	.49	.49	1.96
2015	.505				

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, 27%; paper/wood products, 9%; other industrial, 7%; residential, 12%; commercial, 13%; wholesale, 10% other, 22%. ALLETE Clean Energy owns renewable energy projects. Acq'd U.S. Water Services 2/15. Has real estate operation in FL. Generating sources: coal & lignite, 56%; wind, 7%; other, 3%; purchased, 34%. Fuel costs: 31% of revs. '14 deprec. rate: 2.9%. Has 1,600 employees. Chairman, President & CEO: Alan R. Hodnik. Inc.: MN. Address: 30 West Superior St., Duluth, MN 55802-2093. Tel.: 218-279-5000. Internet: www.allete.com.

ALLETE's earnings are likely to advance in 2015. Minnesota Power, the company's primary utility subsidiary, will benefit from a full year of income from a 205-megawatt wind project that was completed in December at a cost of $333 million. The utility gets current cost recovery for certain kinds of capital spending, such as a $250 million environmental upgrade to a coal-fired generating unit. In addition, Minnesota Power is experiencing load growth as some of its large industrial customers expand their operations. Most notably, Essar Steel expects to begin producing taconite pellets in the second half of 2015. Finally, the company's real estate assets in Florida (which ALLETE intends to sell) should break even this year. It lost $2 million in 2014. Our estimate is within management's guidance of $3.00-$3.20 a share.

There is some upside potential to profits this year. Minnesota Power plans to build a wind project for a utility in North Dakota, which would then (if the state regulators approve) buy the project. Prospective income from the sale is not included in ALLETE's guidance. If the regulators do not approve the deal, then Minnesota Power will sell the output under a long-term purchased-power contract.

ALLETE has made an acquisition. The company paid $168 million for an 87% interest in U.S. Water Services, which provides water management for industrial customers. Revenues were about $120 million last year, and the company expects top-line growth of 10%-15% annually. However, due to amortization that ALLETE will record under purchase accounting rules, the deal isn't likely to contribute to profits this year.

We forecast solid earnings growth in 2016. Current recovery of some capital spending and the ongoing effects of industrial expansion should help. We figure U.S. Water Services will also make a contribution.

The board of directors raised the dividend this quarter. The board increased the annual disbursement by $0.06 a share (3.1%).

The dividend yield and 3- to 5-year total return potential for ALLETE are about average, by utility standards.

Paul E. Debbas, CFA *March 20, 2015*

(A) Diluted EPS. Excl. nonrec. gain (loss): '04, 2¢; '05, ($1.84); gain (losses) on disc. ops.: '04, $2.57, '05, (16¢); '06, (2¢); loss from accounting change: '04, 27¢. Next egs. report due early May. **(B)** Div'ds historically paid in early Mar., June, Sept. and Dec. ■ Div'd reinvestment plan avail. † Shareholder investment plan avail. **(C)** Incl. deferred chgs. In '14: $7.78/sh. **(D)** In mill. **(E)** Rate base: Orig. cost deprec. Rate allowed on com. eq. in '10: 10.38%; earned on avg. com. eq., '14: 8.6%. Reg. Clim.: Avg. **(F)** Summer peak in '12 & '13.

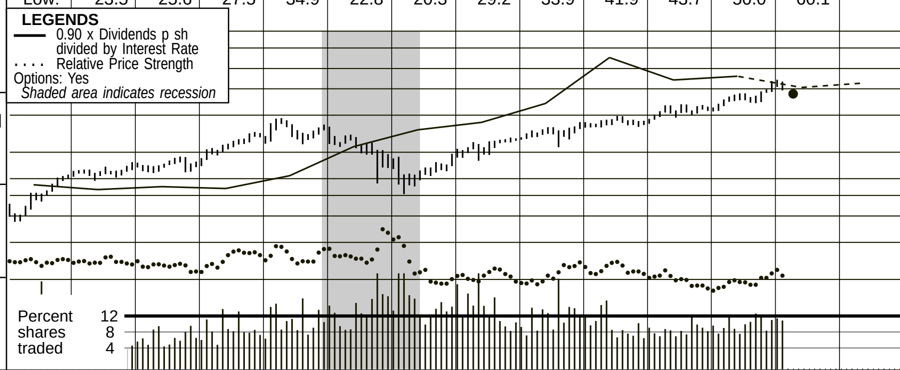
Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	35
Earnings Predictability	80

ALLIANT ENERGY NYSE-LNT

RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
60.67	17.1	(Trailing: 17.5, Median: 14.0)	0.93	3.6%	VALUE LINE

TIMELINESS 3 Lowered 8/22/14
SAFETY 2 Raised 9/28/07
TECHNICAL 3 Raised 3/20/15
BETA .80 (1.00 = Market)

High:	28.8	30.6	40.0	46.5	42.4	31.5	37.7	44.5	47.7	54.2	69.8	70.8
Low:	23.5	25.6	27.5	34.9	22.8	20.3	29.2	33.9	41.9	43.7	50.0	60.1



Target Price Range
2018 | 2019 | 2020
120 100 80 64 48 32 24 20 16 12 8

2018-20 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	75	(+25%)	9%
Low	55	(-10%)	2%

Insider Decisions

	A	M	J	J	A	S	O	N	D
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	1	0	0	1	0

Institutional Decisions

	2Q2014	3Q2014	4Q2014
to Buy	160	152	154
to Sell	134	151	158
Hld's(000)	67528	67088	68200

% TOT. RETURN 2/15

	THIS STOCK	VL ARITH.* INDEX
1 yr.	21.3	8.2
3 yr.	64.9	60.8
5 yr.	142.5	110.1

Alliant Energy, formerly called Interstate Energy Corporation, was formed on April 21, 1998 through the merger of WPL Holdings, IES Industries, and Interstate Power. WPL stockholders received one share of Interstate Energy stock for each WPL share, IES stockholders received 1.14 Interstate Energy shares for each IES share, and Interstate Power stockholders received 1.11 Interstate Energy shares for each Interstate Power share.

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
28.02	28.93	31.15	33.33	31.02	30.81	33.02	27.88	29.54	30.20	*31.55*	*32.15*	Revenues per sh	*34.80*
5.46	4.33	5.12	4.56	4.21	5.21	5.51	5.90	6.68	6.88	*7.05*	*7.45*	"Cash Flow" per sh	*8.00*
2.21	2.06	2.69	2.54	1.89	2.75	2.75	3.05	3.29	3.48	*3.60*	*3.85*	Earnings per sh A	*4.25*
1.05	1.15	1.27	1.40	1.50	1.58	1.70	1.80	1.88	2.04	*2.20*	*2.36*	Div'd Decl'd per sh B ■ †	*2.85*
4.51	3.42	4.91	7.96	10.87	7.82	6.07	10.43	6.63	7.56	*8.85*	*9.00*	Cap'l Spending per sh	*9.80*
20.85	22.83	24.30	25.56	25.07	26.09	27.14	28.25	29.58	31.09	*31.75*	*32.45*	Book Value per sh C	*34.65*
117.04	116.13	110.36	110.45	110.66	110.89	111.02	110.99	110.94	110.94	*111.00*	*112.00*	Common Shs Outst'g D	*115.00*
12.6	16.8	15.1	13.4	13.9	12.5	14.5	14.5	15.3	16.6	*Bold figures are*		Avg Ann'l P/E Ratio	*15.0*
.67	.91	.80	.81	.93	.80	.91	.92	.86	.88	*Value Line*		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%	*estimates*		Avg Ann'l Div'd Yield	*4.0%*
3279.6	3359.4	3437.6	3681.7	3432.8	3416.1	3665.3	3094.5	3276.8	3350.3	*3500*	*3600*	Revenues ($mill)	*4000*
337.8	260.1	320.8	280.0	208.6	303.9	304.4	337.8	382.1	385.5	*400*	*430*	Net Profit ($mill)	*490*
19.0%	43.8%	44.4%	33.4%	--	30.1%	19.0%	21.5%	12.4%	10.1%	*15.0%*	*20.0%*	Income Tax Rate	*20.0%*
3.0%	3.1%	2.4%	--	--	--	--	--	8.8%	6.5%	*7.0%*	*7.0%*	AFUDC % to Net Profit	*7.0%*
41.6%	31.4%	32.4%	36.3%	44.3%	46.3%	45.7%	48.4%	46.1%	49.7%	*47.5%*	*47.5%*	Long-Term Debt Ratio	*47.5%*
53.1%	62.9%	61.9%	58.6%	51.2%	49.5%	50.9%	48.4%	50.8%	47.5%	*49.5%*	*49.5%*	Common Equity Ratio	*49.5%*
4599.1	4218.4	4329.5	4815.6	5423.0	5840.8	5921.2	6476.6	6461.0	7257.2	*7500*	*7500*	Total Capital ($mill)	*7800*
4866.2	4944.9	4679.9	5353.5	6203.0	6730.6	7037.1	7838.0	7147.3	6442.0	*8000*	*8000*	Net Plant ($mill)	*9000*
8.9%	7.5%	8.6%	7.0%	5.1%	6.6%	6.4%	6.3%	7.0%	6.3%	*6.5%*	*6.5%*	Return on Total Cap'l	*7.0%*
12.6%	9.0%	11.0%	9.1%	6.9%	9.7%	9.5%	10.1%	11.0%	10.6%	*11.0%*	*11.0%*	Return on Shr. Equity	*11.5%*
13.1%	9.1%	11.3%	9.3%	6.8%	9.9%	9.5%	10.3%	11.3%	10.9%	*11.5%*	*11.5%*	Return on Com Equity E	*12.0%*
8.1%	4.0%	5.9%	3.8%	.9%	3.8%	3.3%	3.9%	4.9%	4.3%	*4.5%*	*4.5%*	Retained to Com Eq	*5.0%*
42%	59%	50%	62%	88%	64%	67%	64%	57%	61%	*61%*	*61%*	All Div'ds to Net Prof	*67%*

CAPITAL STRUCTURE as of 12/31/14
Total Debt $3789.7 mill. **Due in 5 Yrs** $1100.0 mill.
LT Debt $3606.7 mill. **LT Interest** $60.0 mill.
(LT interest earned: 10.0x)

Pension Assets-12/14 $1022.9 mill. **Oblig.** $1301.5 mill.
Pfd Stock $200.0 mill. **Pfd Div'd** $10.2 mill.
8,000,000 shs.

Common Stock 110,935,680 shs.

MARKET CAP: $6.7 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2012	2013	2014
% Change Retail Sales (KWH)	+.3	+.1	+.1
Avg. Indust. Use (MWH)	11555	11471	11821
Avg. Indust. Revs. per KWH (¢)	6.42	6.75	6.85
Capacity at Peak (Mw)	5886	5820	5426
Peak Load, Summer (Mw)	5886	5820	5426
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+.3	+.4	+.4
Fixed Charge Cov. (%)	332	295	320

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
Revenues	0.5%	-1.5%	*4.0%*
"Cash Flow"	4.0%	7.0%	*6.0%*
Earnings	8.0%	6.5%	*6.0%*
Dividends	3.5%	6.5%	*4.5%*
Book Value	3.5%	3.5%	*4.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	765.7	690.3	887.6	750.9	3094.5
2013	859.6	718.0	866.6	832.6	3276.8
2014	952.8	750.3	843.1	804.1	3350.3
2015	*950*	*800*	*950*	*800*	*3500*
2016	*975*	*850*	*975*	*800*	*3600*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	.50	.58	1.34	.63	3.05
2013	.72	.59	1.43	.55	3.29
2014	.97	.56	1.40	.55	3.48
2015	*.85*	*.60*	*1.55*	*.60*	*3.60*
2016	*.90*	*.65*	*1.65*	*.65*	*3.85*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■† Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.425	.425	.425	.425	1.70
2012	.45	.45	.45	.45	1.80
2013	.47	.47	.47	.47	1.88
2014	.51	.51	.51	.51	2.04
2015	.55				

BUSINESS: Alliant Energy Corp., formerly named Interstate Energy, is a holding company formed through the merger of WPL Holdings, IES Industries, and Interstate Power. Supplies electricity, gas, and other services in Wisconsin, Iowa, and Minnesota. Elect. revs. by state: WI, 44%; IA, 55%; MN, 1%. Elect. rev.: residential, 39%; commercial, 24%; industrial, 30%; wholesale, 6%; other, 1%. Fuel sources, 2014: coal, 47%; nuclear, 17%; gas, 4%; other, 32%. Fuel costs: 50% of revs. 2014 depreciation rate: 5.5%. Estimated plant age: 12 years. Has 4,200 employees. Chairman & Chief Executive Officer: Patricia L. Kampling. Incorporated: Wisconsin. Address: 4902 N. Biltmore Lane, Madison, Wisconsin 53718. Telephone: 608-458-3311. Internet: www.alliantenergy.com.

Alliant Energy is investing heavily in infrastructure. The Madison, Wisconsin-based utility deployed roughly $1 billion in capital expenditures last year. According to management, it was one of the most active construction years in company history, with over $335 million poured into energy delivery systems alone. The goal of that considerable investment was to keep pace with customer growth, and bring natural gas services to communities which did not have access before.

Carbon emission reductions remain a top priority. During 2014, Alliant made significant progress transitioning its coal-fired facilities to produce higher levels of natural gas fueled generation (which is safer for the environment). The company also increased its use of renewable energy in many of its plants. Additionally, Alliant is constructing several new installations known as wetland systems that will improve the treatment of wastewater around its facilities.

We estimate earnings growth will be in the low-to mid-single-digit range over the next two years. Our 2015 forecast is at the midpoint of management's share-net guidance of $3.45–$3.75, reflecting a slight increase in revenue and further CapEx plans. Moreover, Alliant should benefit from the certainty of several rate settlements that it achieved during the past year for its retail division. For 2016, we think the company will try for further rate increases. We're basing our forecast on reasonable regulatory treatment from state officials.

The board of directors has raised the dividend. The quarterly distribution was increased $0.04 a share (8%), and the annualized payout is now $2.20. For the utility sector, the equity's current yield of around 3.6% is about average for the industry. The company is targeting a payout ratio of 60%-70%.

These shares may appeal to some income-oriented investors. The dividend is well supported by Alliant's predictable cash flows, and the yield is decent, though unspectacular. However, at its most recent quotation, the issue offers below average long-term capital appreciation potential. As such, subscribers seeking upside may want to look elsewhere.

Daniel Henigson *March 20, 2015*

(A) Diluted EPS. Excl. nonrecur. gains (losses): '03, net 24¢; '04, (58¢); '05, ($1.05); '06, 83¢; '07, $1.09; '08, 7¢; '09, (88¢); '10, (15¢); '11, (1¢); '12, (16¢). Next egs. rpt. due early May.
(B) Div'ds historically paid in mid-Feb., May, Aug., and Nov. ■ Div'd reinvest. plan avail. † Shareholder invest. plan avail.
(C) Incl. deferred chgs. In '14: $90.0 mill., $0.77/sh.
(D) In mill.
(E) Rate base: Orig. cost. Rates all'd on com. eq. in IA in '14: 10.9%; in WI in '14 Regul. Clim.: WI, Above Avg.; IA, Avg.

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

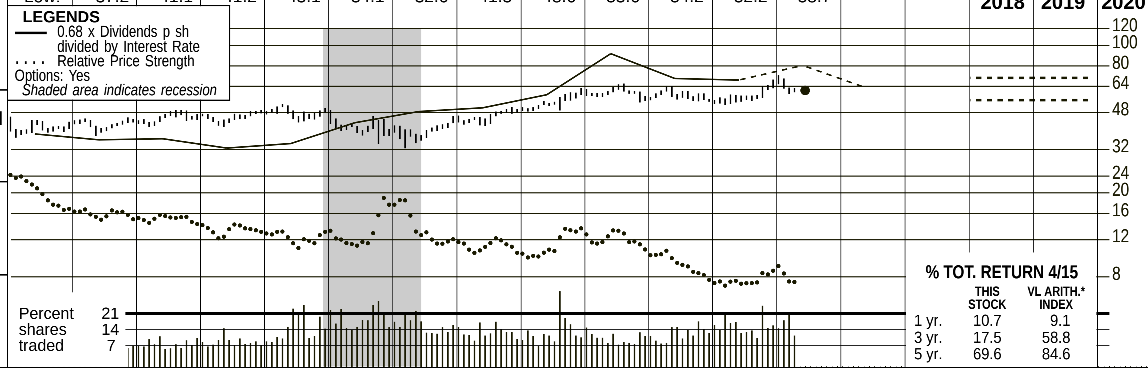
CON. EDISON NYSE-ED

RECENT PRICE 61.13 | **P/E RATIO** 15.3 (Trailing: 16.7 Median: 15.0) | **RELATIVE P/E RATIO** 0.81 | **DIV'D YLD** 4.3% | **VALUE LINE**

TIMELINESS 3 Raised 5/1/15
SAFETY 1 New 7/27/90
TECHNICAL 4 Lowered 5/22/15
BETA .60 (1.00 = Market)

High:	45.6	49.3	49.3	52.9	49.3	46.3	51.0	62.7	66.0	64.0	68.9	72.3
Low:	37.2	41.1	41.2	43.1	34.1	32.6	41.5	48.6	53.6	54.2	52.2	58.7

Target Price Range
2018 | 2019 | 2020



% TOT. RETURN 4/15

	THIS STOCK	VL ARITH.* INDEX
1 yr.	10.7	9.1
3 yr.	17.5	58.8
5 yr.	69.6	84.6

2018-20 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	70	(+15%)	8%
Low	55	(-10%)	2%

Insider Decisions

	J	J	A	S	O	N	D	J	F
to Buy	1	0	0	2	0	0	1	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	2	0	1	0	0	0

Institutional Decisions

	2Q2014	3Q2014	4Q2014
to Buy	306	291	321
to Sell	262	252	265
Hld's(000)	144306	146934	152674

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
35.04	44.48	45.41	39.65	43.51	40.24	47.66	47.14	48.23	49.62	46.36	45.69	44.17	41.62	42.27	44.11	*44.70*	*46.10*	Revenues per sh	*50.25*
5.74	5.51	5.70	5.44	5.12	4.54	5.27	5.28	5.77	5.99	5.86	6.24	6.61	7.15	7.45	7.30	*8.05*	*8.40*	"Cash Flow" per sh	*9.75*
3.13	2.74	3.21	3.13	2.83	2.32	2.99	2.95	3.48	3.36	3.14	3.47	3.57	3.86	3.93	3.62	*4.00*	*4.10*	Earnings per sh A	*4.50*
2.14	2.18	2.20	2.22	2.24	2.26	2.28	2.30	2.32	2.34	2.36	2.38	2.40	2.42	2.46	2.52	*2.60*	*2.68*	Div'd Decl'd per sh B ■	*2.90*
3.17	4.52	5.20	5.68	5.72	5.60	6.59	7.17	7.09	8.50	7.80	6.96	6.72	7.06	8.67	8.26	*9.95*	*10.95*	Cap'l Spending per sh	*10.50*
25.31	25.81	26.71	27.68	28.44	29.09	29.80	31.09	32.58	35.43	36.46	37.93	39.05	40.53	41.81	42.94	*44.35*	*45.80*	Book Value per sh C	*50.75*
213.81	212.03	212.15	213.93	225.84	242.51	245.29	257.46	272.02	273.72	281.12	291.62	292.89	292.87	292.87	292.88	*293.00*	*293.00*	Common Shs Outst'g D	*293.00*
14.0	12.0	12.0	13.3	14.3	18.2	15.1	15.5	13.8	12.3	12.5	13.3	15.1	15.4	14.7	15.9	*Bold figures are*		Avg Ann'l P/E Ratio	*14.0*
.80	.78	.61	.73	.82	.96	.80	.84	.73	.74	.83	.85	.95	.98	.83	.84	*Value Line*		Relative P/E Ratio	*.90*
4.9%	6.6%	5.7%	5.3%	5.5%	5.3%	5.0%	5.0%	4.8%	5.7%	6.0%	5.2%	4.5%	4.1%	4.3%	4.4%	*estimates*		Avg Ann'l Div'd Yield	*4.6%*

CAPITAL STRUCTURE as of 12/31/14
Total Debt $12991 mill. **Due in 5 Yrs** $3897 mill.
LT Debt $11631 mill. **LT Interest** $559 mill.
(LT interest earned: 3.8x)

Leases, Uncapitalized Annual rentals $18 mill.

Pension Assets-12/14 $11495 mill.
Oblig. $15081 mill.

Pfd Stock None

Common Stock 292,888,812 shs.
as of 1/30/15
MARKET CAP: $18 billion (Large Cap)

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		18-20
11690	12137	13120	13583	13032	13325	12938	12188	12381	12919	*13100*	*13500*	Revenues ($mill)	*14750*
719.0	749.0	936.0	933.0	868.0	992.0	1062.0	1141.0	1157.0	1066.0	*1180*	*1215*	Net Profit ($mill)	*1355*
33.6%	35.2%	32.6%	36.0%	34.2%	36.0%	36.1%	34.5%	31.8%	34.0%	*34.0%*	*34.0%*	Income Tax Rate	*34.0%*
2.2%	1.6%	1.9%	1.7%	2.6%	2.4%	1.6%	.5%	.5%	.3%	*1.0%*	*Nil*	AFUDC % to Net Profit	*Nil*
49.6%	50.2%	45.6%	48.3%	48.5%	48.6%	46.5%	45.9%	46.1%	48.0%	*48.5%*	*49.5%*	Long-Term Debt Ratio	*48.5%*
49.0%	48.5%	53.1%	50.6%	50.4%	50.4%	52.5%	54.1%	53.9%	52.0%	*51.5%*	*50.5%*	Common Equity Ratio	*51.5%*
14921	16515	16687	19160	20330	21952	21794	21933	22735	24207	*25150*	*26550*	Total Capital ($mill)	*28700*
17112	18445	19914	20874	22464	23863	25093	26939	28436	29827	*31575*	*33525*	Net Plant ($mill)	*38700*
6.3%	6.0%	7.0%	6.2%	5.7%	5.9%	6.2%	6.5%	6.4%	5.6%	*6.0%*	*5.5%*	Return on Total Cap'l	*6.0%*
9.6%	9.1%	10.3%	9.4%	8.3%	8.8%	9.1%	9.6%	9.4%	8.5%	*9.0%*	*9.0%*	Return on Shr. Equity	*9.0%*
9.7%	9.2%	10.4%	9.5%	8.4%	8.9%	9.2%	9.6%	9.4%	8.5%	*9.0%*	*9.0%*	Return on Com Equity E	*9.0%*
2.6%	2.6%	3.9%	3.1%	2.5%	3.2%	3.1%	3.6%	3.6%	2.6%	*3.0%*	*3.0%*	Retained to Com Eq	*3.5%*
74%	73%	63%	67%	71%	65%	66%	62%	62%	69%	*65%*	*65%*	All Div'ds to Net Prof	*63%*

ELECTRIC OPERATING STATISTICS

	2012	2013	2014
% Change Retail Sales (KWH)	-1.1	+.1	-1.1
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	NMF	NMF	NMF
Peak Load, Summer (Mw)	14344	14883	13568
Annual Load Factor (%)	NMF	NMF	NMF
% Change Customers (yr-end)	NA	NA	NA
Fixed Charge Cov. (%)	382	385	366

ANNUAL RATES of change (per sh)

	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
Revenues	.5%	-2.5%	*3.0%*
"Cash Flow"	4.0%	4.5%	*5.0%*
Earnings	3.5%	2.5%	*3.0%*
Dividends	1.0%	1.0%	*2.5%*
Book Value	4.0%	3.5%	*3.5%*

QUARTERLY REVENUES ($ mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	3078	2771	3438	2901	12188
2013	3306	2767	3440	2868	12381
2014	3789	2911	3390	2829	12919
2015	3616	*2984*	*3500*	*3000*	*13100*
2016	*3750*	*3050*	*3600*	*3100*	*13500*

EARNINGS PER SHARE A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	.94	.73	1.49	.70	3.86
2013	1.16	.49	1.49	.79	3.93
2014	1.23	.63	1.49	.28	3.62
2015	1.26	*.65*	*1.50*	*.59*	*4.00*
2016	*1.20*	*.70*	*1.55*	*.65*	*4.10*

QUARTERLY DIVIDENDS PAID B ■

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.60	.60	.60	.60	2.40
2012	.605	.605	.605	.605	2.42
2013	.615	.615	.615	.615	2.46
2014	.63	.63	.63	.63	2.52
2015	.65				

BUSINESS: Consolidated Edison, Inc. is a holding company for Consolidated Edison Company of New York, Inc. (CECONY), which sells electricity, gas, and steam in most of New York City and Westchester County. Also owns Orange and Rockland Utilities (O&R, acquired 7/99), which operates in New York, New Jersey, and Pennsylvania. Has 3.6 million electric, 1.2 million gas customers. Pursues competitive energy opportunities through three wholly owned subsidiaries. Purchases most of its power. Fuel costs: 35% of revenues. '14 reported depreciation rates: 2.9%-3.1%. Has 14,600 employees. Chairman, President & CEO: John McAvoy. Inc.: New York. Address: 4 Irving Place, New York, New York 10003. Tel.: 212-460-4600. Internet: www.conedison.com.

Consolidated Edison's largest utility subsidiary has reached a settlement with the staff of the New York State Public Service Commission (NYSPSC) and some intervenors. Consolidated Edison Company of New York reached an agreement that would not raise base electric rates next year, but would benefit its earnings by allowing the utility to retain $123 million of regulatory amortization in 2016. The agreement calls for an allowed ROE of 9.0% and a common-equity ratio of 48%. The NYSPSC must still issue a decision on the settlement.

Orange and Rockland Utilities is seeking electric and gas rate increases. O&R wants electric and gas tariff hikes of $34.0 million and $44.2 million, respectively, based on a 9.75% return on a 48% common-equity ratio. However, the NYSPSC's staff is recommending an electric decrease of $0.2 million and a gas raise of $14.7 million, based on an 8.5% ROE. New rates should go into place on November 1st.

We have raised our 2015 earnings estimate by a nickel a share. First-quarter profits were greater than we expected because colder-than-normal winter weather helped ConEd's steam business. (The electric and gas operations have regulatory mechanisms that decouple revenues and volume.) The company revised its earnings guidance from $3.80-$4.00 a share to $3.90-$4.05, and our estimate of $4.00 is within this range.

We forecast a modest bottom-line increase in 2016. We assume that the aforementioned regulatory settlement is approved, and that O&R gets a reasonable order in its pending rate case.

The company faces uncertainty about a pipeline explosion in New York in March of 2014. The accident killed eight people and injured dozens more. The National Transportation Safety Board and the NYSPSC are conducting investigations. ConEd is facing some litigation, but believes its insurance is sufficient to cover this, and has not yet taken a reserve.

This high-quality stock offers a respectable dividend yield. The yield is above the utility average. Total return potential to 2018-2020 is average for a utility.

Paul E. Debbas, CFA *May 22, 2015*

(A) Diluted EPS. Excl. nonrec. gain (losses): '02, (11¢); '03, (45¢); '13, (32¢); '14, 9¢; gain on disc. ops.: '08, $1.01. '14 EPS don't add due to rounding. Next earnings report due early Aug. (B) Div'ds historically paid in mid-Mar., June, Sept., and Dec. ■ Div'd reinvestment plan avail. (C) Incl. intang. In '14: $33.50/sh. (D) In mill. (E) Rate base: net orig. cost. Rate all'd on com. eq. for CECONY in '14: 9.2% elec., 9.3% gas & steam; O&R in '12 (elec.) 9.4%, in '09 (gas) 10.3%; earned on avg. com. eq., '14: 8.6%. Regulatory Climate: Below Avg.

Company's Financial Strength	A+
Stock's Price Stability	100
Price Growth Persistence	50
Earnings Predictability	85

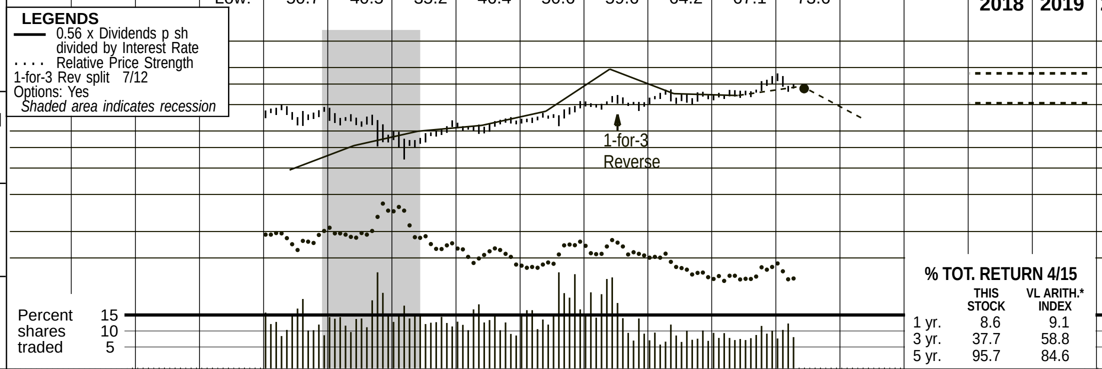
DUKE ENERGY NYSE-DUK

RECENT PRICE	76.30	P/E RATIO	17.0 (Trailing: 18.3 Median: NMF)	RELATIVE P/E RATIO	0.90	DIV'D YLD	4.2%	VALUE LINE

TIMELINESS 3 Raised 4/10/15
SAFETY 2 New 6/1/07
TECHNICAL 4 Lowered 5/15/15
BETA .60 (1.00 = Market)

High:	63.9	61.8	53.8	55.8	66.4	71.1	75.5	87.3	90.0
Low:	50.7	40.5	35.2	46.4	50.6	59.6	64.2	67.1	73.6

Target Price Range
2018 | 2019 | 2020



2018-20 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	90	(+20%)	8%
Low	65	(-15%)	1%

Insider Decisions

	J	J	A	S	O	N	D	J	F
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	1	0	0	0	0	0	9
to Sell	1	1	3	0	0	4	0	0	3

Institutional Decisions

	2Q2014	3Q2014	4Q2014
to Buy	434	431	469
to Sell	441	423	460
Hld's(000)	386233	392694	390171

% TOT. RETURN 4/15

	THIS STOCK	VL ARITH.* INDEX
1 yr.	8.6	9.1
3 yr.	37.7	58.8
5 yr.	95.7	84.6

Duke Energy Corporation, in its current configuration, began trading on January 3, 2007, the day after it spun off its midstream gas operations into a new company, Spectra Energy (NYSE: SE). Duke Energy shareholders received half a share of Spectra Energy for each Duke share held. In July of 2012, Duke acquired Progress Energy and effected a 1-for-3 reverse split. Data for the "old" Duke are not shown because they are not comparable.

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
--	25.32	30.24	31.15	29.18	32.22	32.63	27.88	34.84	33.84	***35.25***	***36.65***	Revenues per sh	***41.50***
--	7.86	8.11	7.34	7.58	8.49	8.68	6.80	8.56	9.11	***9.80***	***10.15***	"Cash Flow" per sh	***11.25***
--	2.76	3.60	3.03	3.39	4.02	4.14	3.71	3.98	4.13	***4.50***	***4.75***	Earnings per sh A	***5.25***
--	--	2.58	2.70	2.82	2.91	2.97	3.03	3.09	3.15	***3.21***	***3.27***	Div'd Decl'd per sh B ■	***3.55***
--	8.07	7.43	10.35	9.85	10.84	9.80	7.81	7.83	7.62	***11.05***	***11.85***	Cap'l Spending per sh	***11.50***
--	62.30	50.40	49.51	49.85	50.84	51.14	58.04	58.54	57.81	***58.65***	***60.10***	Book Value per sh C	***65.00***
--	418.96	420.62	423.96	436.29	442.96	445.29	704.00	706.00	707.00	***688.00***	***689.00***	Common Shs Outst'g D	***692.00***
--	--	16.1	17.3	13.3	12.7	13.8	17.5	17.4	17.9	*Bold figures are*		Avg Ann'l P/E Ratio	***15.0***
--	--	.85	1.04	.89	.81	.87	1.11	.98	.95	*Value Line*		Relative P/E Ratio	***.95***
--	--	4.4%	5.2%	6.2%	5.7%	5.2%	4.7%	4.4%	4.3%	*estimates*		Avg Ann'l Div'd Yield	***4.5%***
--	10607	12720	13207	12731	14272	14529	19624	24598	23925	***24250***	***25250***	Revenues ($mill)	***28750***
--	1080.0	1522.0	1279.0	1461.0	1765.0	1839.0	2136.0	2813.0	2934.0	***3130***	***3285***	Net Profit ($mill)	***3695***
--	29.4%	31.9%	32.5%	34.4%	32.6%	31.3%	30.2%	32.6%	30.6%	***32.5%***	***32.5%***	Income Tax Rate	***32.5%***
--	6.9%	7.2%	16.0%	17.5%	22.7%	23.2%	22.3%	8.8%	7.2%	***9.0%***	***9.0%***	AFUDC % to Net Profit	***8.0%***
--	41.0%	30.9%	38.7%	42.6%	44.3%	45.1%	47.0%	48.0%	47.7%	***48.0%***	***49.0%***	Long-Term Debt Ratio	***51.5%***
--	59.0%	69.1%	61.3%	57.4%	55.7%	54.9%	52.9%	52.0%	52.3%	***52.0%***	***51.0%***	Common Equity Ratio	***48.5%***
--	44220	30697	34238	37863	40457	41451	77307	79482	78088	***77750***	***81275***	Total Capital ($mill)	***92600***
--	41447	31110	34036	37950	40344	42661	68558	69490	70046	***74050***	***78500***	Net Plant ($mill)	***90700***
--	3.1%	6.0%	4.8%	4.9%	5.5%	5.6%	3.6%	4.6%	4.8%	***5.0%***	***5.0%***	Return on Total Cap'l	***5.0%***
--	4.1%	7.2%	6.1%	6.7%	7.8%	8.1%	5.2%	6.8%	7.2%	***8.0%***	***8.0%***	Return on Shr. Equity	***8.0%***
--	4.1%	7.2%	6.1%	6.7%	7.8%	8.1%	5.2%	6.8%	7.2%	***8.0%***	***8.0%***	Return on Com Equity E	***8.0%***
--	4.1%	2.0%	.6%	1.1%	2.1%	2.2%	.9%	1.5%	1.7%	***2.0%***	***2.5%***	Retained to Com Eq	***3.0%***
--	--	72%	89%	84%	73%	72%	82%	78%	76%	***72%***	***69%***	All Div'ds to Net Prof	***66%***

CAPITAL STRUCTURE as of 12/31/14
Total Debt $42534 mill. **Due in 5 Yrs** $16770 mill.
LT Debt $37213 mill. **LT Interest** $1704 mill.
Incl. $1428 mill. capitalized leases. Incl. $1265 mill. nonrecourse LT debt of variable interest entities.
(LT interest earned: 3.6x)

Leases, Uncapitalized Annual rentals $205 mill.
Pension Assets-12/14 $8498 mill.
Oblig. $7966 mill.
Pfd Stock None
Common Stock 707,554,168 shs.
as of 2/24/15
MARKET CAP: $54 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2012	2013	2014
% Change Retail Sales (KWH)	-2.8	+1.3	+2.2
Avg. Indust. Use (MWH)	2675	2687	2876
Avg. Indust. Revs. per KWH (¢)	5.84	5.89	6.15
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (avg.)	+.8	+.8	+1.0
Fixed Charge Cov. (%)	263	327	315

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
Revenues	--	1.5%	*4.5%*
"Cash Flow"	--	1.0%	*5.5%*
Earnings	--	3.5%	*5.0%*
Dividends	--	2.5%	*2.5%*
Book Value	--	3.0%	*2.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	3630	3577	6722	5695	19624
2013	5898	5879	6709	6112	24598
2014	6263	5708	6395	5559	23925
2015	6065	***5600***	***6800***	***5785***	***24250***
2016	***6300***	***5850***	***7100***	***6050***	***25250***

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	.86	.99	1.01	.59	3.71
2013	.89	.74	1.40	.94	3.98
2014	1.05	1.02	1.25	.81	4.13
2015	1.09	***.90***	***1.60***	***.91***	***4.50***
2016	***1.20***	***.95***	***1.65***	***.95***	***4.75***

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.735	.735	.75	.75	2.97
2012	.75	.75	.765	.765	3.03
2013	.765	.765	.78	.78	3.09
2014	.78	.78	.795	.795	3.15
2015	.795				

BUSINESS: Duke Energy Corporation is a holding company for utilities with 7.1 mill. elec. customers in North Carolina, Florida, Indiana, South Carolina, Ohio, & Kentucky, and over 500,000 gas customers in Ohio & Kentucky. Owns independent power plants & has international ops. Acq'd Cinergy 4/06; spun off midstream gas ops. 1/07; acq'd Progress Energy 7/12. Elec. rev. breakdown: residential, 44%; commercial, 30%; industrial, 15%; other, 11%. Generating sources: coal, 37%; nuclear, 28%; gas, 21%; other, 1%; purchased, 13%. Fuel costs: 35% of revs. '14 reported deprec. rates: 2.4%-3.3%. Has 28,300 empls. Chairman: Ann Gray. Pres. & CEO: Lynn J. Good. Inc.: DE. Address: 550 South Tryon St., Charlotte, NC 28202-1803. Tel.: 704-382-3853. Web: www.duke-energy.com.

Duke Energy has completed a major asset sale. Due to unfavorable conditions in the power markets, the company sold its nonregulated generating assets in the Midwest and its retail energy marketing business in Ohio for $2.8 billion. It is using $1.5 billion of the proceeds for an accelerated stock buyback, and retaining the rest of the cash in place of debt issuances. Duke wrote down this discontinued operation last year in anticipation of a sizable loss on the sale.

The company has decided to retain its international operations. However, this segment faces a challenging year due to the stronger dollar and unfavorable conditions (both hydro and economic) in Brazil.

Duke expects to complete an asset acquisition by yearend. The company has agreed to pay $1.2 billion for another utility's 700-megawatt stake in nuclear and coal-fired facilities in North Carolina. Various regulatory approvals are required. Management expects the purchase to boost annual earnings by $0.05-$0.10 a share. We will not reflect this in our figures until after the deal has been completed.

Other projects are in various stages of development. In South Carolina, Duke is adding 650 megawatts of gas-fired generating capacity at a cost of $600 million. In Florida, the utility plans to build a 1,685-mw gas-fired plant at a cost of $1.5 billion, and wants to add further capacity beyond this facility. Duke has a 40% stake in a proposed $4.5 billion-$5.0 billion gas pipeline. However, the company had a setback in Indiana, where the regulators rejected a proposed seven-year, $1.9 billion system modernization plan.

We look for solid earnings growth in 2015 and 2016. Duke is seeing modest growth at its regulated utility operations. The use of the cash from the aforementioned asset sale is another plus. The company is still incurring some costs associated with the takeover of Progress Energy in 2012 ($0.18 a share last year and $0.02 a share in the first quarter of 2015), but these are diminishing, while the merger-related benefits should ramp up.

The dividend yield of this stock is a cut above the utility mean. Total return potential to 2018-2020 is only about average for the group.

Paul E. Debbas, CFA *May 22, 2015*

(A) Dil. EPS. Excl. nonrec. losses: '12, 70¢; '13, 24¢; '14, 67¢; gains (loss) on disc. ops.: '12, 6¢; '13, 2¢; '14, (80¢); '15, 13¢. '12 & '13 EPS don't add due to chng. in shs. or rounding. Next egs. report due early Aug. (B) Div'ds paid mid-Mar., June, Sept., & Dec. ■ Div'd reinv. plan avail. (C) Incl. intang. In '14: $38.94/sh. (D) In mill., adj. for rev. split. (E) Rate base: Net orig. cost. Rates all'd on com. eq. in '13 in NC/SC: 10.2%; in '09 in OH: 10.63%; in '04 in IN: 10.3%; earned on avg. com. eq., '14: 7.0%. Reg. Climate: NC Avg.; SC, OH, IN Above Avg.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	55
Earnings Predictability	75

EDISON INTERNAT'L NYSE-EIX

RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
60.50	14.8	(Trailing: 13.9 Median: 12.0)	0.76	2.9%	VALUE LINE

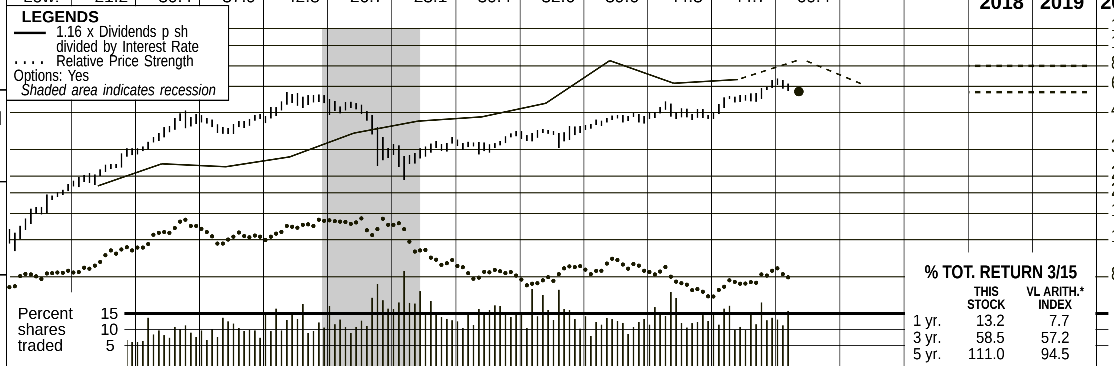
TIMELINESS 3 Lowered 11/7/14

SAFETY 2 Raised 5/3/13

TECHNICAL 3 Lowered 4/24/15

BETA .75 (1.00 = Market)

High:	32.5	49.2	47.2	60.3	55.7	36.7	39.4	41.6	48.0	54.2	68.7	69.6
Low:	21.2	30.4	37.9	42.8	26.7	23.1	30.4	32.6	39.6	44.3	44.7	60.4



2018-20 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	80	(+30%)	10%
Low	60	(Nil)	3%

Insider Decisions

	J	J	A	S	O	N	D	J	F
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	1	0	0	2	2	0	0
to Sell	0	0	1	0	0	2	2	0	0

Institutional Decisions

	2Q2014	3Q2014	4Q2014
to Buy	200	206	259
to Sell	221	217	191
Hld's(000)	258418	260974	260904

% TOT. RETURN 3/15

	THIS STOCK	VL ARITH.* INDEX
1 yr.	13.2	7.7
3 yr.	58.5	57.2
5 yr.	111.0	94.5

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
27.85	35.96	35.10	35.26	37.25	31.30	36.38	38.74	40.25	43.31	37.98	38.09	39.16	36.41	38.61	41.17	*43.60*	*46.05*	Revenues per sh	*54.75*
7.20	d.52	4.35	4.79	5.88	3.79	6.99	7.25	7.60	8.08	7.96	8.41	9.03	9.63	8.80	9.95	*9.45*	*9.95*	"Cash Flow" per sh	*11.50*
2.03	d5.84	1.30	1.82	2.38	.69	3.34	3.28	3.32	3.68	3.24	3.35	3.23	4.55	3.78	4.33	*3.70*	*4.00*	Earnings per sh A	*5.00*
1.08	.83	- -	- -	- -	.80	1.02	1.10	1.18	1.23	1.25	1.27	1.29	1.31	1.37	1.48	*1.71*	*1.89*	Div'd Decl'd per sh B ■	*2.45*
3.55	4.57	2.86	4.88	3.95	5.32	5.73	7.78	8.67	8.67	10.07	13.94	14.76	12.73	11.05	11.99	*12.95*	*15.05*	Cap'l Spending per sh	*13.25*
15.01	7.43	10.04	13.62	16.52	18.57	20.30	23.66	25.92	29.21	30.20	32.44	30.86	28.95	30.50	33.64	*35.50*	*37.50*	Book Value per sh C	*44.25*
347.21	325.81	325.81	325.81	325.81	325.81	325.81	325.81	325.81	325.81	325.81	325.81	325.81	325.81	325.81	325.81	*325.81*	*325.81*	Common Shs Outst'g D	*325.81*
12.9	- -	10.0	7.8	7.0	NMF	11.7	13.0	16.0	12.4	9.7	10.3	11.8	9.7	12.7	13.0	*Bold figures are*		Avg Ann'l P/E Ratio	*14.0*
.74	- -	.51	.43	.40	NMF	.62	.70	.85	.75	.65	.66	.74	.62	.71	.68	*Value Line*		Relative P/E Ratio	*.90*
4.1%	3.9%	- -	- -	- -	3.1%	2.6%	2.6%	2.2%	2.7%	4.0%	3.7%	3.4%	3.0%	2.8%	2.6%	*estimates*		Avg Ann'l Div'd Yield	*3.5%*

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		18-20
11852	12622	13113	14112	12374	12409	12760	11862	12581	13413	*14200*	*15000*	Revenues ($mill)	*17850*
1132.0	1134.0	1151.0	1266.0	1115.0	1153.0	1112.0	1594.0	1344.0	1539.0	*1345*	*1450*	Net Profit ($mill)	*1775*
26.0%	31.4%	27.3%	30.7%	33.0%	32.1%	25.7%	14.3%	25.2%	22.4%	*30.0%*	*30.0%*	Income Tax Rate	*30.0%*
4.9%	5.1%	8.2%	8.9%	10.5%	16.9%	14.8%	8.5%	7.8%	5.8%	*10.0%*	*10.0%*	AFUDC % to Net Profit	*7.0%*
54.6%	51.3%	49.1%	51.2%	49.3%	51.8%	55.3%	45.2%	45.7%	44.1%	*44.5%*	*43.5%*	Long-Term Debt Ratio	*43.5%*
40.9%	43.5%	46.0%	44.5%	46.5%	44.3%	40.6%	46.2%	46.2%	47.2%	*47.0%*	*48.0%*	Common Equity Ratio	*49.0%*
16167	17725	18375	21374	21185	23861	24773	20422	21516	23216	*24625*	*25400*	Total Capital ($mill)	*29400*
14469	15913	17403	18969	21966	24778	32116	30273	30455	32981	*35350*	*38325*	Net Plant ($mill)	*45400*
9.4%	8.6%	8.3%	7.4%	6.9%	6.3%	6.0%	8.9%	7.3%	7.7%	*6.5%*	*6.5%*	Return on Total Cap'l	*7.0%*
15.4%	13.1%	12.3%	12.1%	10.4%	10.0%	10.0%	14.2%	11.5%	11.9%	*10.0%*	*10.0%*	Return on Shr. Equity	*10.5%*
16.7%	14.0%	13.0%	12.8%	10.8%	10.4%	10.5%	15.9%	12.5%	13.0%	*10.5%*	*11.0%*	Return on Com Equity E	*11.5%*
12.2%	10.1%	9.2%	8.6%	6.7%	6.5%	6.3%	11.4%	8.1%	8.8%	*5.5%*	*6.0%*	Retained to Com Eq	*6.0%*
29%	31%	33%	35%	41%	40%	43%	32%	40%	37%	*51%*	*51%*	All Div'ds to Net Prof	*52%*

CAPITAL STRUCTURE as of 12/31/14
Total Debt $12029 mill. **Due in 5 Yrs** $3710 mill.
LT Debt $10234 mill. **LT Interest** $491 mill.
(LT interest earned: 4.9x)
Leases, Uncapitalized Annual rentals $473 mill.
Pens. Assets-12/14 $3454 mill. **Oblig.** $4517 mill.
Pfd Stock $2022 mill. **Pfd Div'd** $113 mill.
4,800,198 sh. 4.08%-4.78%, $25 par, call. $25.50-$28.75/sh.; 3,250,000 sh. variable, noncum., call. $100; 1,250,000 sh. 6.5%, cum., $100 liq. value; 350,000 sh. 6.25%, $1000 liq. value; 460,012 sh. 5.1%-5.75%, $2500 liq. value.
Common Stock 325,811,206 shs. **as of 2/20/15**
MARKET CAP: $20 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2012	2013	2014
% Change Retail Sales (KWH)	+2.6	-.3	+2.1
Avg. Indust. Use (MWH)	763	791	788
Avg. Indust. Revs. per KWH (¢)	7.50	8.00	8.86
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	21981	22534	23055
Annual Load Factor (%)	52.7	52.1	52.3
% Change Customers (yr-end)	+.4	+.6	+.6
Fixed Charge Cov. (%)	308	295	306

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
Revenues	1.0%	-1.0%	*6.0%*
"Cash Flow"	7.0%	3.5%	*3.5%*
Earnings	10.0%	4.5%	*3.0%*
Dividends	- -	2.5%	*10.0%*
Book Value	6.5%	2.0%	*6.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	2415	2653	3734	3060	11862
2013	2632	3046	3960	2943	12581
2014	2926	3016	4356	3115	13413
2015	*3100*	*3200*	*4700*	*3200*	*14200*
2016	*3300*	*3400*	*4900*	*3400*	*15000*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	.54	.55	1.09	2.39	4.55
2013	.78	.78	1.41	.81	3.78
2014	.61	1.07	1.51	1.15	4.33
2015	*.70*	*.70*	*1.55*	*.75*	*3.70*
2016	*.80*	*.80*	*1.60*	*.80*	*4.00*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.32	.32	.32	.32	1.28
2012	.325	.325	.325	.325	1.30
2013	.3375	.3375	.3375	.3375	1.35
2014	.355	.355	.355	.355	1.42
2015	.4175	.4175			

BUSINESS: Edison International (formerly SCECorp) is a holding company for Southern California Edison Company (SCE), which supplies electricity to 4.9 mill. customers in a 50,000 sq. mi. area in central, coastal, and southern California (excl. Los Angeles and San Diego). Discontinued Edison Mission Energy (independent power producer) in '12. Elec. revenue breakdown: residential, 37%; commercial, 44%; industrial, 6%; other, 13%. Generating sources: gas, 8%; nuclear, 6%; hydro, 2%; purchased, 84%. Fuel costs: 42% of revs. '14 reported deprec. rate: 4.0%. Has 13,700 employees. Chairman, President & CEO: Theodore F. Craver, Jr. Inc.: CA. Address: 2244 Walnut Grove Ave., P.O. Box 976, Rosemead, CA 91770. Tel.: 626-302-2222. Internet: www.edison.com.

Edison International's utility subsidiary is awaiting an order on its general rate case. Southern California Edison is asking the California Public Utilities Commission (CPUC) for rate increases of $80 million in 2015, $286 million in 2016, and $315 million in 2017. On the other hand, the Office of Ratepayer Advocates (ORA) is proposing a large rate *decrease* for 2015. Whenever the CPUC issues its order, it will be retroactive to the start of this year. Note that management is not providing earnings guidance while the rate case is pending.

Regardless of the outcome of the rate case, earnings are likely to decline this year. In 2014, Edison International had some cost reductions that are not sustainable and booked some tax benefits. This made the year-to-year comparison difficult. We think results in 2015 will be closer to normal.

We forecast solid profit growth in 2016. SCE has a large capital budget (funded in part with debt), and projects rate base growth of 7%-9% annually through 2017. This should produce similar earnings growth.

The San Onofre problem hasn't gone away. In 2013, SCE decided to retire the nuclear station after damage was found in both units following steam generator replacements. The utility had to take a sizable writedown, but is recovering some costs associated with the plant in accordance with a settlement that the CPUC approved last November. However, the ORA and an intervenor group (each of which signed the settlement) want to overturn it due to the disclosure of an *ex parte* communication between a former SCE executive and the former CPUC president in March of 2013. In fact, the ORA is proposing that the utility should be forced to return a minimum of $648 million to ratepayers. The company believes the settlement is fair and was negotiated properly. We aren't assuming an additional penalty.

We are concerned about the regulatory risk the utility is facing—for both the rate case and San Onofre. Thus, we advise investors to look elsewhere, despite the company's superior dividend growth prospects through 2018-2020. Meanwhile, the dividend yield is low for a utility.

Paul E. Debbas, CFA *May 1, 2015*

(A) Diluted EPS. Excl. nonrec. gains (losses): '02, $1.48; '03, (12¢); '04, $2.12; '09, (64¢); '10, 54¢; '11, ($3.33); '13, ($1.12); gains (loss) from discont. ops.: '12, ($5.11); '13, 11¢; '14, 57¢. '12 & '14 EPS don't add due to rounding. Next earnings report due late July. (B) Div'ds paid late Jan., Apr., July, & Oct. ■ Div'd reinvestment plan avail. (C) Incl. deferred charges. In '14: $23.36/sh. (D) In mill. (E) Rate base: net orig. cost. Rate allowed on com. eq. in '15: 10.45%; earned on avg. com. eq., '14: 13.8%. Regulatory Climate: Above Average.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	50
Earnings Predictability	65

OGE ENERGY CORP. NYSE-OGE

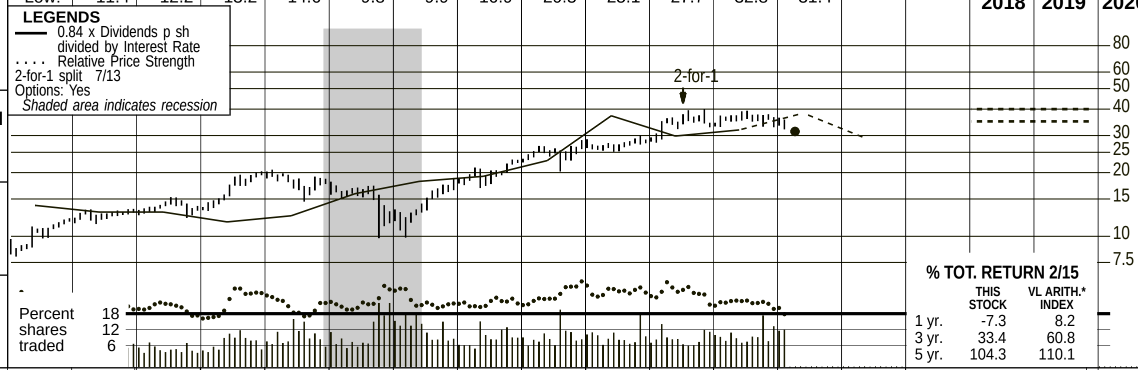
RECENT PRICE **31.38** | P/E RATIO **16.2** (Trailing: 15.8 / Median: 14.0) | RELATIVE P/E RATIO **0.88** | DIV'D YLD **3.4%** | VALUE LINE

TIMELINESS 3 Raised 5/9/14
SAFETY 1 Raised 9/19/14
TECHNICAL 3 Raised 2/27/15
BETA .90 (1.00 = Market)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
High:	13.5	15.3	20.3	20.7	18.1	18.9	23.1	28.6	30.1	40.0	39.3	36.5
Low:	11.4	12.2	13.2	14.6	9.8	9.9	16.9	20.3	25.1	27.7	32.8	31.4

Target Price Range 2018 | 2019 | 2020

LEGENDS
— 0.84 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
2-for-1 split 7/13
Options: Yes
Shaded area indicates recession



2018-20 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	(+25%)	*10%*
Low	35	(+10%)	*7%*

Insider Decisions

	A	M	J	J	A	S	O	N	D
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	2	0	0	2	0	0	3	0

Institutional Decisions

	2Q2014	3Q2014	4Q2014
to Buy	134	147	171
to Sell	141	125	134
Hld's(000)	116179	117222	122042

% TOT. RETURN 2/15

	THIS STOCK	VL ARITH.* INDEX
1 yr.	-7.3	8.2
3 yr.	33.4	60.8
5 yr.	104.3	110.1

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
13.95	21.17	20.40	19.26	21.62	27.37	32.83	21.96	20.68	21.77	14.79	19.04	19.96	18.58	14.45	*12.30*	*12.75*	*13.45*	Revenues per sh	*15.00*
2.03	2.07	1.81	1.87	1.82	1.87	1.94	2.23	2.39	2.40	2.69	3.01	3.31	3.69	3.46	*3.40*	*3.40*	*3.60*	"Cash Flow" per sh	*4.00*
.97	.95	.65	.72	.87	.89	.92	1.23	1.32	1.25	1.33	1.50	1.73	1.79	1.94	1.98	*1.85*	*2.00*	Earnings per sh A	*2.25*
.67	.67	.67	.67	.67	.67	.67	.67	.68	.70	.71	.73	.76	.80	.85	.95	*1.05*	*1.16*	Div'd Decl'd per sh B ■	*1.55*
1.16	1.15	1.44	1.49	1.04	1.51	1.65	2.67	3.04	4.01	4.37	4.36	6.48	5.85	4.99	*2.85*	*2.75*	*2.80*	Cap'l Spending per sh	*2.50*
6.55	6.83	6.67	6.27	6.87	7.14	7.59	8.79	9.16	10.14	10.52	11.73	13.06	14.00	15.30	*16.25*	*17.10*	*17.95*	Book Value per sh C	*20.25*
155.73	155.84	155.98	157.00	174.80	180.00	181.20	182.40	183.60	187.00	194.00	195.20	196.20	197.60	198.50	*199.50*	*200.00*	*200.50*	Common Shs Outst'g D	*202.00*
12.1	10.6	17.4	14.1	11.8	14.1	14.9	13.7	13.8	12.4	10.8	13.3	14.4	15.2	17.7	18.3	*Bold figures are*		Avg Ann'l P/E Ratio	*17.0*
.69	.69	.89	.77	.67	.74	.79	.74	.73	.75	.72	.85	.90	.97	.99	.97	*Value Line*		Relative P/E Ratio	*1.05*
5.7%	6.6%	5.9%	6.6%	6.5%	5.3%	4.9%	4.0%	3.8%	4.5%	5.0%	3.7%	3.1%	2.9%	2.5%	2.6%	*estimates*		Avg Ann'l Div'd Yield	*4.1%*

CAPITAL STRUCTURE as of 9/30/14
Total Debt $2921.1 mill. **Due in 5 Yrs** $1247.0 mill.
LT Debt $2509.7 mill. **LT Interest** $145.3 mill.
(LT interest earned: 4.8x)

Leases, Uncapitalized Annual rentals $6.7 mill.

Pension Assets-12/13 $654.9 mill. **Oblig.** $658.1 mill.

Pfd Stock None

Common Stock 199,319,096 shs.

MARKET CAP: $6.3 billion (Large Cap)

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		18-20
5948.2	4005.6	3797.6	4070.7	2869.7	3716.9	3915.9	3671.2	2867.7	2453.1	*2550*	*2700*	Revenues ($mill)	*3050*
166.1	226.1	244.2	231.4	258.3	295.3	342.9	355.0	387.6	395.8	*375*	*400*	Net Profit ($mill)	*460*
30.2%	34.8%	32.3%	30.4%	31.7%	34.9%	30.7%	26.0%	24.9%	30.4%	*30.0%*	*30.0%*	Income Tax Rate	*30.0%*
1.3%	3.8%	1.6%	1.7%	9.1%	5.7%	9.0%	2.7%	2.6%	1.7%	*4.0%*	*3.0%*	AFUDC % to Net Profit	*2.0%*
49.5%	45.6%	44.4%	53.3%	50.6%	50.8%	51.6%	50.7%	43.1%	*46.0%*	*44.5%*	*45.0%*	Long-Term Debt Ratio	*48.5%*
50.5%	54.4%	55.6%	46.7%	49.4%	49.2%	48.4%	49.3%	56.9%	*54.0%*	*55.5%*	*55.0%*	Common Equity Ratio	*51.5%*
2726.6	2950.1	3025.5	4058.6	4129.7	4652.5	5300.4	5615.8	5337.2	*6000*	*6175*	*6555*	Total Capital ($mill)	*7975*
3567.4	3867.5	4246.3	5249.8	5911.6	6464.4	7474.0	8344.8	6672.8	6979.9	*7220*	*7465*	Net Plant ($mill)	*8300*
7.6%	9.1%	9.5%	7.0%	7.9%	7.8%	7.8%	7.7%	8.6%	*8.0%*	*7.5%*	*7.5%*	Return on Total Cap'l	*7.0%*
12.1%	14.1%	14.5%	12.2%	12.7%	12.9%	13.4%	12.8%	12.8%	*12.0%*	*11.0%*	*11.0%*	Return on Shr. Equity	*11.0%*
12.1%	14.1%	14.5%	12.2%	12.7%	12.9%	13.4%	12.8%	12.8%	*12.0%*	*11.0%*	*11.0%*	Return on Com Equity E	*11.0%*
3.4%	6.6%	7.1%	5.4%	6.0%	6.7%	7.7%	7.2%	7.3%	*6.5%*	*5.0%*	*4.5%*	Retained to Com Eq	*3.5%*
72%	53%	51%	55%	53%	48%	43%	44%	43%	*47%*	*56%*	*58%*	All Div'ds to Net Prof	*68%*

ELECTRIC OPERATING STATISTICS

	2011	2012	2013
% Change Retail Sales (KWH)	+3.4	-1.8	+1.1
Avg. Indust. Use (MWH)	752	776	779
Avg. Indust. Revs. per KWH (¢)	5.37	5.07	5.44
Capacity at Peak (Mw)	7115	7139	NA
Peak Load, Summer (Mw)	7057	7000	6341
Annual Load Factor (%)	52.2	51.6	NA
% Change Customers (yr-end)	+.8	+1.1	+1.1
Fixed Charge Cov. (%)	427	404	367

ANNUAL RATES

of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '11-'13 to '18-'20
Revenues	-1.5%	-4.0%	*NMF*
"Cash Flow"	6.5%	8.5%	*2.0%*
Earnings	9.5%	7.5%	*3.0%*
Dividends	2.0%	3.0%	*10.0%*
Book Value	8.0%	8.5%	*5.5%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	840.7	855.0	1113.4	862.1	3671.2
2013	901.4	734.2	723.2	508.9	2867.7
2014	560.4	611.8	754.7	526.2	2453.1
2015	*575*	*625*	*800*	*550*	*2550*
2016	*600*	*675*	*850*	*575*	*2700*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	.19	.48	.94	.20	1.79
2013	.12	.46	1.08	.29	1.94
2014	.25	.50	.94	.29	1.98
2015	*.20*	*.50*	*.95*	*.20*	*1.85*
2016	*.20*	*.55*	*1.05*	*.20*	*2.00*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.1875	.1875	.1875	.1875	.75
2012	.19675	.19675	.19675	.19675	.79
2013	.20875	.20875	.20875	.20875	.84
2014	.225	.225	.225	.25	.93
2015	.25				

BUSINESS: OGE Energy Corp. is a holding company for Oklahoma Gas and Electric Company (OG&E), which supplies electricity to 815,000 customers in Oklahoma (88% of electric revenues) and western Arkansas (9%); wholesale is (3%). Owns 26.3% of Enable Midstream Partners. Acquired Transok 6/99. Electric revenue breakdown: residential, 42%; commercial, 26%; industrial, 19%; other, 13%. Generating sources: coal, 42%; gas, 32%; wind, 5%; purchased, 21%. Fuel costs: 50% of revenues. '13 reported depreciation rate (utility): 2.8%. Has 2,400 employees. Chairman & CEO: Peter B. Delaney. President: Sean Trauschke. Inc.: Oklahoma. Address: 321 North Harvey, P.O. Box 321, Oklahoma City, Oklahoma 73101-0321. Tel.: 405-553-3000. Internet: www.oge.com.

OGE Energy's earnings are likely to decline this year. One reason is a probable falloff in equity income from the company's 26.3% stake in Enable Midstream Partners, an oil and gas master limited partnership. Enable has seen a decline in the rig count in its operating area, and although most of its business is fee-based, the drop in commodity prices is another negative factor. Another reason is regulatory lag at Oklahoma Gas and Electric, due to higher depreciation, unrecovered transmission costs, and the ending of a wholesale power contract. We have slashed our earnings estimate by $0.25 a share, to $1.85. Our revised estimate is within OGE's guidance of $1.76-$1.89.

The utility is awaiting a ruling from the Oklahoma Corporation Commission (OCC) on its environmental compliance plan. OG&E plans to spend $1.1 billion through 2019 to comply with EPA mandates. The utility would recover these costs through riders on customers' bills. After the OCC has issued its decision, OG&E will file a general rate case (probably in the June quarter) to address the aforementioned reasons for regulatory lag. New tariffs would take effect six months later, meaning that any rate relief the company gets this year will come too late to help lift profits much in 2015. OG&E is also planning a rate case in Arkansas, possibly by the end of the current quarter.

We look for earnings to recover next year. We assume reasonable regulatory treatment, and that the contribution from Enable will be greater than in 2015 (but not back to the 2014 level).

OGE still intends to increase the dividend at an annual rate of 10% through 2019. We note that the percentage decline in expected distributions from Enable isn't nearly as large as that of expected equity income. In addition, OGE's low payout ratio and solid finances give the board of directors the wherewithal to increase the disbursement rapidly.

This high-quality stock is suitable for investors seeking dividend growth. The quotation has fallen 12% so far in 2015, which has been a weak year for most utility issues. Even after the pullback, though, the dividend yield is a cut below the utility average.

Paul E. Debbas, CFA *March 20, 2015*

(A) Diluted EPS. Excl. nonrecurring losses: '02, 20¢; '03, 7¢; '04, 3¢; gains on discontinued operations: '02, 6¢; '05, 25¢; '06, 20¢. '13 EPS don't add due to rounding. Next earnings report due early May. (B) Div'ds historically paid in late Jan., Apr., July, & Oct. ■ Div'd reinvestment plan available. (C) Incl. deferred charges. In '13: $1.91/sh. (D) In millions, adj. for split. (E) Rate base: Net original cost. Rate allowed on com. eq. in Oklahoma in '12: 10.2%; in Arkansas in '11: 9.95%; earned on avg. com. eq., '13: 13.2%. Regulatory Climate: Average.

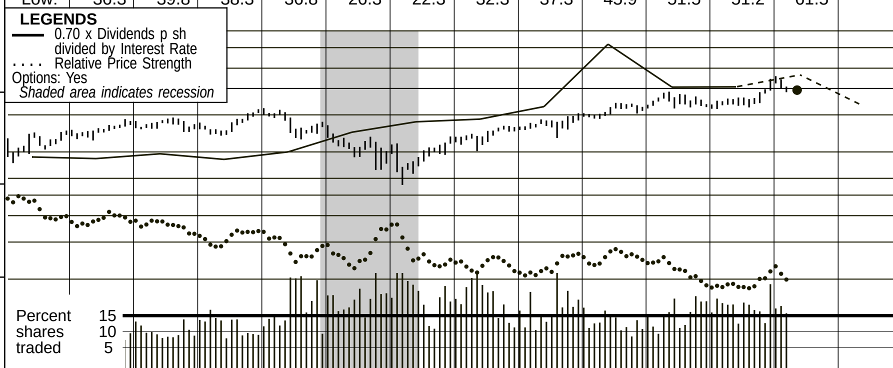
Company's Financial Strength	A+
Stock's Price Stability	90
Price Growth Persistence	90
Earnings Predictability	95

PINNACLE WEST NYSE-PNW

RECENT PRICE **62.91** | P/E RATIO **17.0** (Trailing: 17.6; Median: 15.0) | RELATIVE P/E RATIO **0.87** | DIV'D YLD **3.9%** | **VALUE LINE**

High:	45.8	46.7	51.0	51.7	42.9	38.0	42.7	48.9	54.7	61.9	71.1	73.3
Low:	36.3	39.8	38.3	36.8	26.3	22.3	32.3	37.3	45.9	51.5	51.2	61.5

TIMELINESS 3 Lowered 10/10/14
SAFETY 1 Raised 5/3/13
TECHNICAL 3 Lowered 5/1/15
BETA .70 (1.00 = Market)



Target Price Range

2018	2019	2020

120, 100, 80, 64, 48, 32, 24, 20, 16, 12, 8

2018-20 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	70	(+10%)	*7%*
Low	55	(-15%)	*1%*

Insider Decisions

	J	J	A	S	O	N	D	J	F
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	5	3	0	0

Institutional Decisions

	2Q2014	3Q2014	4Q2014
to Buy	169	171	191
to Sell	171	163	188
Hld's(000)	87807	88791	88401

% TOT. RETURN 3/15

	THIS STOCK	VL ARITH.* INDEX
1 yr.	21.2	7.7
3 yr.	49.8	57.2
5 yr.	110.1	94.5

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
28.57	43.50	53.66	28.90	30.87	31.59	30.16	34.03	35.07	33.37	32.50	30.01	29.67	30.09	31.35	31.58	***32.45***	***33.65***	Revenues per sh	***37.25***
7.73	7.99	8.72	7.01	7.33	6.93	5.76	9.70	9.29	8.13	8.08	6.85	7.52	7.92	8.15	8.09	***8.75***	***9.15***	"Cash Flow" per sh	***10.25***
3.18	3.35	3.68	2.53	2.52	2.58	2.24	3.17	2.96	2.12	2.26	3.08	2.99	3.50	3.66	3.58	***3.85***	***4.00***	Earnings per sh A	***4.50***
1.33	1.43	1.53	1.63	1.73	1.83	1.93	2.03	2.10	2.10	2.10	2.10	2.10	2.67	2.23	2.33	***2.44***	***2.56***	Div'd Decl'd per sh B ■	***2.95***
4.05	7.76	12.27	9.81	7.60	5.86	6.39	7.59	9.37	9.46	7.64	7.03	8.26	8.24	9.36	8.38	***10.20***	***11.80***	Cap'l Spending per sh	***8.50***
26.00	28.09	29.46	29.44	31.00	32.14	34.57	34.48	35.15	34.16	32.69	33.86	34.98	36.20	38.07	39.50	***40.95***	***42.40***	Book Value per sh C	***47.00***
84.83	84.83	84.83	91.26	91.29	91.79	99.08	99.96	100.49	100.89	101.43	108.77	109.25	109.74	110.18	110.57	***111.00***	***111.50***	Common Shs Outst'g D	***118.00***
11.9	11.3	12.0	14.4	14.0	15.8	19.2	13.7	14.9	16.1	13.7	12.6	14.6	14.3	15.3	15.9	***Bold figures are***		Avg Ann'l P/E Ratio	***13.5***
.68	.73	.61	.79	.80	.83	1.02	.74	.79	.97	.91	.80	.92	.91	.86	.84	***Value Line***		Relative P/E Ratio	***.85***
3.5%	3.8%	3.5%	4.5%	4.9%	4.5%	4.5%	4.7%	4.8%	6.2%	6.8%	5.4%	4.8%	5.3%	4.0%	4.1%	***estimates***		Avg Ann'l Div'd Yield	***4.8%***

CAPITAL STRUCTURE as of 12/31/14
Total Debt $3562.2 mill. **Due in 5 Yrs** $1577.0 mill.
LT Debt $3031.2 mill. **LT Interest** $160.4 mill.
Incl. $13.4 mill. Palo Verde sale leaseback lessor notes.
(LT interest earned: 4.8x)
Leases, Uncapitalized Annual rentals $18.0 mill.
Pension Assets-12/14 $2615.4 mill. **Oblig.** $3078.7 mill.
Pfd Stock None

Common Stock 110,475,189 shs.
as of 2/13/15
MARKET CAP: $6.9 billion (Large Cap)

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		18-20
2988.0	3401.7	3523.6	3367.1	3297.1	3263.6	3241.4	3301.8	3454.6	3491.6	***3600***	***3750***	Revenues ($mill)	***4400***
223.2	317.1	298.8	213.6	229.2	330.4	328.2	387.4	406.1	397.6	***430***	***450***	Net Profit ($mill)	***540***
36.2%	33.0%	33.6%	23.4%	36.9%	31.9%	34.0%	36.2%	34.4%	34.2%	***35.0%***	***35.0%***	Income Tax Rate	***35.0%***
10.4%	11.1%	14.8%	17.5%	11.2%	11.7%	12.8%	9.7%	10.0%	11.6%	***9.0%***	***11.0%***	AFUDC % to Net Profit	***7.0%***
43.2%	48.4%	47.0%	46.8%	50.4%	45.3%	44.1%	44.6%	40.0%	41.0%	***44.0%***	***45.0%***	Long-Term Debt Ratio	***44.0%***
56.8%	51.6%	53.0%	53.2%	49.6%	54.7%	55.9%	55.4%	60.0%	59.0%	***56.0%***	***55.0%***	Common Equity Ratio	***56.0%***
6033.4	6678.7	6658.7	6477.6	6686.6	6729.1	6840.9	7171.9	6990.9	7398.7	***8150***	***8565***	Total Capital ($mill)	***9975***
7577.1	7881.9	8436.4	8916.7	9257.8	9578.8	9962.3	10396	10889	11194	***11785***	***12530***	Net Plant ($mill)	***14100***
5.0%	6.2%	5.9%	4.7%	4.8%	6.5%	6.4%	6.8%	7.1%	6.4%	***6.5%***	***6.5%***	Return on Total Cap'l	***6.5%***
6.5%	9.2%	8.5%	6.2%	6.9%	9.0%	8.6%	9.8%	9.7%	9.1%	***9.5%***	***9.5%***	Return on Shr. Equity	***9.5%***
6.5%	9.2%	8.5%	6.2%	6.9%	9.0%	8.6%	9.8%	9.7%	9.1%	***9.5%***	***9.5%***	Return on Com Equity E	***9.5%***
1.0%	3.4%	2.5%	.3%	.7%	3.1%	2.8%	4.1%	4.1%	3.5%	***3.5%***	***3.5%***	Retained to Com Eq	***3.5%***
85%	63%	70%	96%	89%	66%	68%	58%	58%	62%	***63%***	***63%***	All Div'ds to Net Prof	***64%***

ELECTRIC OPERATING STATISTICS

	2012	2013	2014
% Change Retail Sales (KWH)	-.2	-.2	-1.8
Avg. Indust. Use (MWH)	647	644	659
Avg. Indust. Revs. per KWH (¢)	7.86	8.21	8.26
Capacity at Peak (Mw)	8864	8398	9259
Peak Load, Summer (Mw)	7207	6927	7007
Annual Load Factor (%)	48.8	50.0	48.6
% Change Customers (yr-end)	+1.3	+1.4	+1.2
Fixed Charge Cov. (%)	397	419	404

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
Revenues	- -	-1.5%	*3.0%*
"Cash Flow"	1.5%	-1.0%	*4.0%*
Earnings	3.5%	8.0%	*4.0%*
Dividends	3.5%	3.0%	*3.5%*
Book Value	2.0%	2.0%	*3.5%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	620.6	878.6	1109.5	693.1	3301.8
2013	686.6	915.8	1152.4	699.8	3454.6
2014	686.2	906.3	1172.7	726.4	3491.6
2015	***700***	***950***	***1200***	***750***	***3600***
2016	***725***	***1000***	***1250***	***775***	***3750***

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	d.07	1.12	2.21	.24	3.50
2013	.22	1.18	2.04	.22	3.66
2014	.14	1.19	2.20	.05	3.58
2015	***.20***	***1.25***	***2.20***	***.20***	***3.85***
2016	***.20***	***1.30***	***2.30***	***.20***	***4.00***

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.525	.525	.525	.525	2.10
2012	.525	.525	.525	.545	2.12
2013	.545	.545	.545	.5675	2.20
2014	.5675	.5675	.5675	.595	2.30
2015	.595				

BUSINESS: Pinnacle West Capital Corporation is a holding company for Arizona Public Service Company (APS), which supplies electricity to 1.1 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, 48%; commercial, 39%; industrial, 5%; other, 9%. Generating sources: coal, 34%; nuclear, 27%; gas & other, 17%; purchased, 22%. Fuel costs: 34% of revenues. Has 6,400 employees. '14 reported deprec. rate: 2.8%. Chairman, President & CEO: Donald E. Brandt. Inc.: AZ. Address: 400 North Fifth St., P.O. Box 53999, Phoenix, AZ 85072-3999. Tel.: 602-250-1000. Internet: www.pinnaclewest.com.

Pinnacle West's earnings should advance solidly this year. At the start of 2015, the company's Arizona Public Service (APS) subsidiary received a $57.1 million rate hike in order to place its newly purchased stake in Units 4 and 5 of the Four Corners coal-fired plant into the rate base. (Note that APS has reached a deal to buy another utility's 7% stake in these units.) The company benefits from regulatory mechanisms that provide for current cost recovery of some kinds of capital spending, such as transmission. Customer growth is above the industry average. We assume normal weather patterns—unfavorable weather reduced earnings by $0.10 a share last year. Our earnings estimate is at the midpoint of management's targeted range of $3.75-$3.95 a share.

We forecast a modest profit increase in 2016. The utility will benefit from the same regulatory mechanisms as mentioned above. Customer growth should be another plus, as well.

The utility wants to add some gas-fired generating capacity. APS would build 510 megawatts and retire 220 mw of old facilities, for a net increase of 290 mw. The cost of the project would be $600 million-$700 million, and completion is targeted for the second quarter of 2018. However, APS had to conduct a request for proposals for about 300 mw in case there is a more attractive alternative. The winning bidder should be determined soon.

The company seeks to increase the grid access charge for solar users. Now about $5 a month, APS wants the state commission to raise this to $21. The utility is concerned about the subsidization of solar customers by nonsolar customers. There is no timetable for the regulators to act on APS' request.

The stock price is down 13% since our January report. We think this is merely a correction. Three months ago, the quotation was above our 3- to 5-year Target Price Range. Even following the recent falloff, however, the stock is trading near the midpoint of our long-term price projection, thereby making total return prospects unexciting. Conservative accounts stressing income might like this equity for its dividend yield (slightly above the utility average) and top-notch Safety rank.

Paul E. Debbas, CFA *May 1, 2015*

(A) Diluted EPS. Excl. nonrec. losses: '02, 77¢; '09, $1.45; excl. gains (losses) from discontinued ops.: '00, 22¢; '05, (36¢); '06, 10¢; '08, 28¢; '09, (13¢); '10, 18¢; '11, 10¢; '12, (5¢). 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 '14: $12.30/sh. (D) In mill. (E) Rate base: Fair value. Rate allowed on com. eq. in '12: 10%; earned on avg. com. eq., '14: 9.3%. Regulatory Climate: Average.

Company's Financial Strength	A+
Stock's Price Stability	100
Price Growth Persistence	60
Earnings Predictability	65

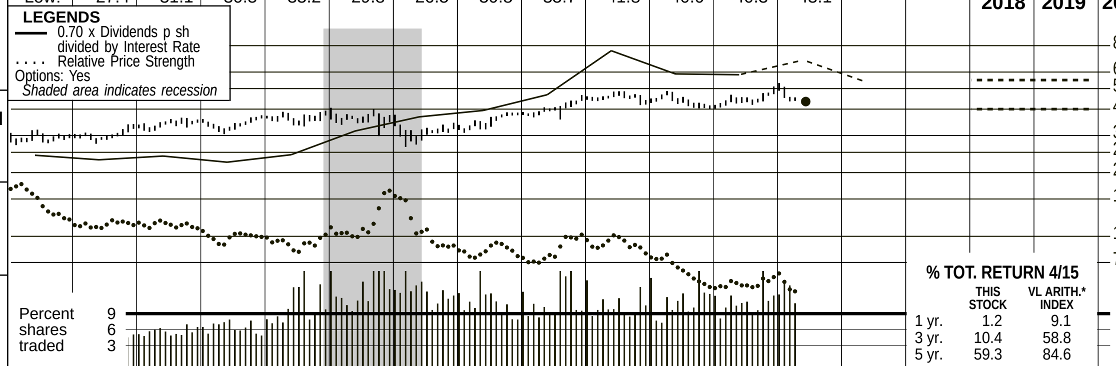
SOUTHERN COMPANY NYSE-SO

RECENT PRICE	P/E RATIO	RELATIVE P/E RATIO	DIV'D YLD	
43.47	15.5 (Trailing: 16.2; Median: 16.0)	0.82	5.0%	VALUE LINE

TIMELINESS 3 Raised 5/1/15
SAFETY 2 Lowered 2/21/14
TECHNICAL 4 Lowered 5/15/15
BETA .60 (1.00 = Market)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
High:	34.0	36.5	37.4	39.3	40.6	37.6	38.6	46.7	48.6	48.7	51.3	53.2
Low:	27.4	31.1	30.5	33.2	29.8	26.5	30.8	35.7	41.8	40.0	40.3	43.1

Target Price Range
2018 | 2019 | 2020



2018-20 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	55	(+25%)	11%
Low	40	(-10%)	4%

Insider Decisions

	J	J	A	S	O	N	D	J	F
to Buy	0	0	0	0	0	0	0	0	0
Options	0	2	1	1	3	1	1	0	3
to Sell	0	2	1	1	3	1	1	0	3

Institutional Decisions

	2Q2014	3Q2014	4Q2014
to Buy	485	454	515
to Sell	342	370	382
Hld's(000)	446155	450922	462861

% TOT. RETURN 4/15

	THIS STOCK	VL ARITH.* INDEX
1 yr.	1.2	9.1
3 yr.	10.4	58.8
5 yr.	59.3	84.6

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
17.40	14.78	14.54	14.73	15.31	16.05	18.28	19.24	20.12	22.04	19.21	20.70	20.41	19.06	19.26	20.34	*20.30*	*21.20*	Revenues per sh	*24.00*
4.17	3.89	3.55	3.46	3.53	3.65	4.03	4.01	4.22	4.43	4.43	4.51	4.91	5.18	5.27	5.28	*5.45*	*5.70*	"Cash Flow" per sh	*6.50*
1.83	2.01	1.61	1.85	1.97	2.06	2.13	2.10	2.28	2.25	2.32	2.36	2.55	2.67	2.70	2.77	*2.80*	*2.95*	Earnings per sh A	*3.50*
1.34	1.34	1.34	1.36	1.39	1.42	1.48	1.54	1.60	1.66	1.73	1.80	1.87	1.94	2.01	2.08	*2.15*	*2.22*	Div'd Decl'd per sh B ■ †	*2.43*
3.85	3.27	3.75	3.79	2.72	2.85	3.20	4.01	4.65	5.10	5.70	4.85	5.23	5.54	6.16	6.58	*7.35*	*6.00*	Cap'l Spending per sh	*6.50*
13.82	15.69	11.43	12.16	13.13	13.86	14.42	15.24	16.23	17.08	18.15	19.21	20.32	21.09	21.43	21.98	*22.60*	*23.25*	Book Value per sh C	*25.75*
665.80	681.16	698.34	716.40	734.83	741.50	741.45	746.27	763.10	777.19	819.65	843.34	865.13	867.77	887.09	907.78	*911.00*	*913.00*	Common Shs Outst'g D	*919.00*
14.3	13.2	14.6	14.6	14.8	14.7	15.9	16.2	16.0	16.1	13.5	14.9	15.8	17.0	16.2	16.0	*Bold figures are*		Avg Ann'l P/E Ratio	*13.5*
.82	.86	.75	.80	.84	.78	.85	.87	.85	.97	.90	.95	.99	1.08	.91	.85	*Value Line*		Relative P/E Ratio	*.85*
5.1%	5.0%	5.7%	5.0%	4.7%	4.7%	4.4%	4.5%	4.4%	4.6%	5.5%	5.1%	4.6%	4.3%	4.6%	4.7%	*estimates*		Avg Ann'l Div'd Yield	*5.2%*

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		18-20
13554	14356	15353	17127	15743	17456	17657	16537	17087	18467	*18500*	*19350*	Revenues ($mill)	*22000*
1621.0	1608.0	1782.0	1807.0	1910.0	2040.0	2268.0	2415.0	2439.0	2567.0	*2650*	*2755*	Net Profit ($mill)	*3260*
26.9%	32.7%	31.9%	33.6%	31.9%	33.5%	35.0%	35.6%	34.8%	33.8%	*33.0%*	*33.0%*	Income Tax Rate	*33.0%*
4.4%	4.8%	9.5%	12.3%	14.9%	13.7%	10.2%	9.4%	11.6%	13.9%	*12.0%*	*11.0%*	AFUDC % to Net Profit	*10.0%*
53.2%	50.8%	51.2%	53.9%	53.2%	51.2%	50.0%	49.9%	51.5%	49.5%	*53.5%*	*54.5%*	Long-Term Debt Ratio	*57.5%*
44.3%	46.2%	44.9%	42.6%	43.6%	45.7%	47.1%	47.3%	45.8%	47.3%	*44.0%*	*42.5%*	Common Equity Ratio	*40.0%*
24131	24618	27608	31174	34091	35438	37307	38653	41483	42142	*46900*	*49900*	Total Capital ($mill)	*59100*
29480	31092	33327	35878	39230	42002	45010	48390	51208	54868	*59175*	*62175*	Net Plant ($mill)	*69500*
8.2%	8.2%	7.9%	7.1%	6.9%	7.0%	7.2%	7.3%	6.8%	7.1%	*6.5%*	*6.5%*	Return on Total Cap'l	*6.5%*
14.4%	13.3%	13.2%	12.6%	12.0%	11.8%	12.2%	12.5%	12.1%	12.1%	*12.0%*	*12.0%*	Return on Shr. Equity	*13.0%*
14.9%	13.8%	14.0%	13.1%	12.4%	12.2%	12.5%	12.8%	12.5%	12.5%	*12.5%*	*12.5%*	Return on Com Equity E	*13.5%*
4.6%	3.8%	4.3%	3.5%	3.2%	3.0%	3.4%	3.6%	3.2%	3.2%	*3.0%*	*3.0%*	Retained to Com Eq	*4.0%*
70%	73%	70%	74%	75%	77%	73%	73%	75%	75%	*76%*	*76%*	All Div'ds to Net Prof	*71%*

CAPITAL STRUCTURE as of 12/31/14
Total Debt $24977 mill. **Due in 5 Yrs** $9588 mill.
LT Debt $20841 mill. **LT Interest** $769 mill.
(LT interest earned: 5.2x)
Leases, Uncapitalized Annual rentals $100 mill.
Pension Assts.-12/14 $9690 mill. **Ob.** $10909 mill.
Pfd Stock $1352 mill. **Pfd Div'd** $68 mill.
Incl. 1 mill. shs. 4.2%-5.44% cum. pfd. ($100 par); 12 mill. shs. 5.2%-5.83% cum. pfd. ($1 par); 2 mill. shs. 6.0% noncum. pfd. ($25 par); 4 mill. shs. 5.6%-6.5% noncum. pfd. ($100 par); 14 mill. shs. 5.63%-6.5% noncum. pfd. ($1 par).
Common Stock 909,877,898 shs. **as of 1/31/15**
MARKET CAP: $40 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2012	2013	2014
% Change Retail Sales (KWH)	-2.3	+.3	+3.3
Avg. Indust. Use (MWH)	3229	3277	3384
Avg. Indust. Revs. per KWH (¢)	5.94	6.08	6.37
Capacity at Yearend (Mw)	45750	45502	46549
Peak Load, Summer (Mw) F	35479	33557	37234
Annual Load Factor (%)	59.5	63.2	59.6
% Change Customers (yr-end)	+.5	+.7	+.8
Fixed Charge Cov. (%)	416	423	417

ANNUAL RATES

of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
Revenues	2.5%	-1.0%	3.5%
"Cash Flow"	4.0%	3.5%	3.5%
Earnings	3.5%	3.5%	4.5%
Dividends	4.0%	4.0%	3.0%
Book Value	5.0%	4.5%	3.0%

Cal-endar	QUARTERLY REVENUES (mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	3604	4181	5049	3703	16537
2013	3897	4246	5017	3927	17087
2014	4644	4467	5339	4049	18499
2015	4183	*4617*	*5550*	*4150*	*18500*
2016	*4400*	*4850*	*5800*	*4300*	*19350*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	.42	.71	1.11	.43	2.67
2013	.47	.66	1.08	.49	2.70
2014	.66	.68	1.09	.38	2.80
2015	.56	*.69*	*1.15*	*.40*	*2.80*
2016	*.55*	*.80*	*1.20*	*.40*	*2.95*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ † Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.455	.4725	.4725	.4725	1.87
2012	.4725	.49	.49	.49	1.94
2013	.49	.5075	.5075	.5075	2.01
2014	.5075	.525	.525	.525	2.08
2015	.525	.5425			

BUSINESS: The Southern Company, through its subsidiaries, supplies electricity to 4.5 million customers in about 120,000 square miles of Georgia, Alabama, Florida, and Mississippi. Also has competitive generation business. Electric revenue breakdown: residential, 37%; commercial, 31%; industrial, 19%; other, 13%. Retail revenues by state: Georgia, 51%; Alabama, 33%; Florida, 9%; Mississippi, 7%. Generating sources: coal, 39%; oil & gas, 37%; nuclear, 15%; hydro, 3%; purchased, 6%. Fuel costs: 36% of revenues. '14 reported deprec. rate (utility): 3.1%. Has 26,400 employees. Chairman, President and CEO: Thomas A. Fanning. Inc.: Delaware. Address: 30 Ivan Allen Jr. Blvd., N.W., Atlanta, Georgia 30308. Tel.: 404-506-5000. Internet: www.southerncompany.com.

Southern Company's largest utility is experiencing delays and cost overruns in its nuclear construction. Georgia Power is building two units at its Vogtle station. The new facilities are now expected to come on line in the second quarters of 2019 and 2020 — 18 months later than previously expected. The company is engaged in talks with its contractors to determine who is responsible for the delays, and the ensuing cost increases. Additional costs associated with the delays are estimated at $40 million a month. These are recoverable in rates (as long as they are deemed prudent), but not until after each unit is completed.

A regulatory settlement was overturned in Mississippi. This agreement provided rate relief for Mississippi Power, but imposed a $2.88 billion cost cap on the coal gasification project that has had major delays and cost overruns. (The company took large writedowns in 2013 and 2014 as a result.) If the utility cannot reach a settlement, it is prepared to file a rate case soon, and would probably ask for a big increase.

We estimate a slight earnings increase this year. First-quarter profits declined due to a comparison that was made tough by last year's weather patterns and an unusually low level of operating expenses. The rest of the year should be better, as the company is benefiting from some rate relief, economic growth in the region, and additional investments at the Southern Power nonutility subsidiary. Our 2015 earnings estimate is within management's targeted range of $2.76-$2.88 a share. We forecast that the positive factors will produce a mid-single-digit earnings increase next year.

As expected, the board of directors raised the annual dividend by $0.07 a share (3.3%) this quarter. This has been the growth rate in recent years, and we think it will continue through the end of the decade.

Southern Company stock has one of the highest dividend yields of any electric utility equity. The valuation reflects the uncertainties surrounding the large capital projects in Georgia and Mississippi. Total return prospects to 2018-2020 are a cut above the industry average.

Paul E. Debbas, CFA *May 22, 2015*

(A) Diluted EPS. Excl. nonrec. gain (losses): '03, 6¢; '09, (25¢); '13, (83¢); '14, (59¢). '14 EPS don't add due to rounding. Next earnings report due late July. **(B)** Div'ds historically paid in early Mar., June, Sept., and Dec. ■ Div'd reinvest. plan avail. † Shareholder invest. plan avail. **(C)** Incl. def'd charges. In '14: $7.92/sh. **(D)** In mill. **(E)** Rate base: AL, MS, fair value; FL, GA, orig. cost. Allowed return on com. eq. (blended): 12.5%; earned on avg. com. eq., '14: 12.7%. Reg. Climate: GA, AL Above Average; MS, FL Average. **(F)** Winter peak in '14.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	50
Earnings Predictability	100

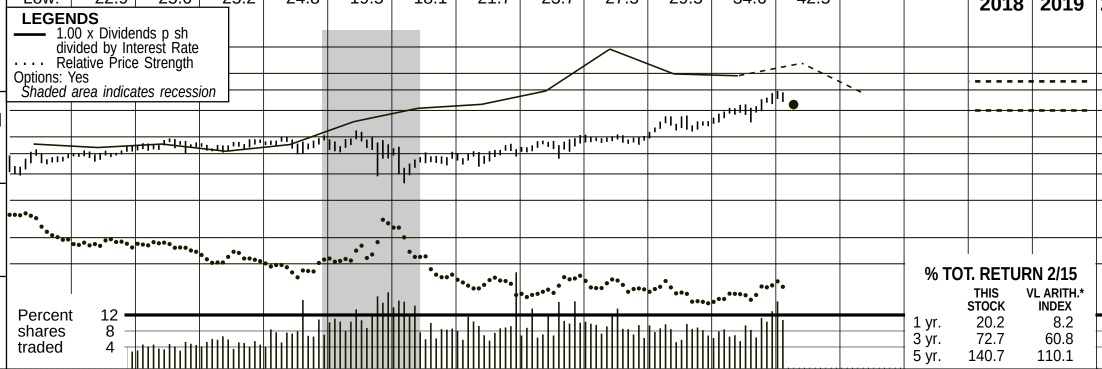
VECTREN CORP. NYSE-VVC

RECENT PRICE **42.71** | P/E RATIO **17.7** (Trailing: 21.2 / Median: 16.0) | RELATIVE P/E RATIO **0.96** | DIV'D YLD **3.7%** | VALUE LINE

High:	27.1	29.5	29.3	30.5	32.2	26.9	27.8	30.7	30.8	37.9	48.3	49.5
Low:	22.9	25.0	25.2	24.8	19.5	18.1	21.7	23.7	27.5	29.5	34.6	42.5

TIMELINESS **2** Lowered 11/21/14
SAFETY **2** Lowered 1/5/01
TECHNICAL **3** Raised 3/20/15
BETA .80 (1.00 = Market)

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



Target Price Range 2018 | 2019 | 2020

2018-20 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	55	(+30%)	10%
Low	40	(-5%)	2%

Insider Decisions

	A	M	J	J	A	S	O	N	D
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	2Q2014	3Q2014	4Q2014
to Buy	102	122	139
to Sell	127	112	108
Hld's(000)	48584	49433	49101

Percent shares traded 12 8 4

% TOT. RETURN 2/15

	THIS STOCK	VL ARITH.* INDEX
1 yr.	20.2	8.2
3 yr.	72.7	60.8
5 yr.	140.7	110.1

Vectren was formed on March 31, 2000 through the merger of Indiana Energy and SIGCORP. The merger was consummated with a tax-free exchange of shares and has been accounted for as a pooling of interests. Indiana Energy common stockholders received one Vectren common share for each share held. SIGCORP stockholders exchanged each common share for 1.333 common shares of Vectren.

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
26.62	26.83	29.88	30.67	25.76	26.06	28.39	27.16	30.23	31.62	31.95	32.75	Revenues per sh	37.95
3.87	3.69	4.29	3.97	4.40	4.44	4.71	5.03	5.03	5.33	5.95	6.45	"Cash Flow" per sh	7.60
1.81	1.44	1.83	1.63	1.79	1.65	1.73	1.94	1.66	2.02	2.45	2.65	Earnings per sh A	3.20
1.19	1.23	1.27	1.31	1.35	1.37	1.39	1.41	1.43	1.46	1.54	1.62	Div'd Decl'd per sh B■†	1.80
3.04	3.70	4.38	4.83	5.33	3.39	3.92	4.45	4.77	5.43	5.70	6.05	Cap'l Spending per sh	7.20
15.01	15.43	16.16	16.68	17.23	17.61	17.89	18.57	18.86	19.45	19.90	20.25	Book Value per sh C	21.25
76.19	76.10	76.36	81.03	81.10	81.70	81.90	82.20	82.40	82.60	83.00	84.00	Common Shs Outst'g D	87.00
15.1	18.9	15.3	16.8	12.9	15.0	15.8	15.0	20.7	20.0	Bold figures are		Avg Ann'l P/E Ratio	15.0
.80	1.02	.81	1.01	.86	.95	.99	.95	1.16	1.05	Value Line		Relative P/E Ratio	.95
4.4%	4.5%	4.5%	4.8%	5.9%	5.5%	5.1%	4.8%	4.2%	3.6%	estimates		Avg Ann'l Div'd Yield	3.8%
2028.0	2041.6	2281.9	2484.7	2088.9	2129.5	2325.2	2232.8	2491.2	2611.7	2650	2750	Revenues ($mill)	3300
136.8	108.8	143.1	129.0	145.0	133.7	141.6	159.0	136.6	166.9	205	225	Net Profit ($mill)	280
24.4%	21.8%	34.7%	37.1%	26.5%	35.8%	37.9%	34.2%	32.9%	32.7%	35.0%	35.0%	Income Tax Rate	35.0%
1.4%	3.8%	2.8%	2.9%	4.1%	- -	- -	- -	4.1%	4.0%	4.0%	4.0%	AFUDC % to Net Profit	4.0%
51.2%	50.7%	50.2%	48.0%	52.4%	49.9%	51.6%	50.4%	53.3%	46.7%	47.5%	47.5%	Long-Term Debt Ratio	48.0%
48.8%	49.3%	49.8%	52.0%	47.6%	50.1%	48.4%	49.6%	46.7%	53.3%	52.5%	52.5%	Common Equity Ratio	52.0%
2341.3	2382.2	2479.1	2599.5	2937.7	2874.1	3025.1	3079.5	3331.4	3013.9	3150	3250	Total Capital ($mill)	3550
2251.9	2385.5	2539.7	2720.3	2878.8	2955.4	3032.6	3119.6	3224.3	3439.0	3550	3650	Net Plant ($mill)	4000
7.2%	6.0%	7.2%	6.5%	6.3%	6.1%	6.2%	6.4%	5.4%	6.8%	7.5%	8.0%	Return on Total Cap'l	9.0%
12.0%	9.3%	11.6%	9.5%	10.4%	9.3%	9.7%	10.4%	8.8%	10.4%	12.5%	13.0%	Return on Shr. Equity	15.0%
12.0%	9.3%	11.6%	9.5%	10.4%	9.3%	9.7%	10.4%	8.8%	10.4%	12.5%	13.0%	Return on Com Equity E	15.0%
4.0%	1.3%	3.8%	2.0%	2.6%	1.6%	1.9%	2.9%	1.2%	2.9%	4.5%	5.0%	Retained to Com Eq	6.5%
66%	86%	67%	80%	75%	83%	80%	73%	86%	72%	62%	60%	All Div'ds to Net Prof	56%

CAPITAL STRUCTURE as of 12/31/14
Total Debt $1733.7 mill. **Due in 5 Yrs** $710.0 mill.
LT Debt $1407.3 mill. **LT Interest** $75.0 mill.
(LT interest earned: 4.5x)

Pension Assets-12/14 $305.6 mill.
Oblig. $371.9 mill.

Pfd Stock None

Common Stock 82,593,724 shs.
as of 1/30/14

MARKET CAP: $3.5 billion (Mid Cap)

ELECTRIC OPERATING STATISTICS

	2012	2013	2014
% Change Retail Sales (KWH)	-2.3	+.3	+2.0
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	1494	1384	1407
Peak Load, Summer (Mw)	1259	1102	1095
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+.4	+.6	+.6
Fixed Charge Cov. (%)	367	380	363

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
Revenues	2.5%	.5%	4.0%
"Cash Flow"	4.5%	4.0%	7.0%
Earnings	2.0%	1.5%	9.5%
Dividends	2.5%	2.0%	4.0%
Book Value	3.0%	2.5%	2.0%

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2012	604.6	470.6	513.5	644.1	2232.8
2013	700.6	531.0	579.6	680.0	2491.2
2014	796.8	542.5	595.6	676.8	2611.7
2015	790	540	620	700	2650
2016	810	565	635	740	2750

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2012	.62	.31	.48	.53	1.94
2013	.61	d.07	.52	.60	1.66
2014	.62	.14	.57	.68	2.02
2015	.70	.40	.62	.73	2.45
2016	.75	.45	.67	.78	2.65

Cal-endar	QUARTERLY DIVIDENDS PAID B■† Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.345	.345	.345	.350	1.39
2012	.350	.350	.350	.355	1.41
2013	.355	.355	.355	.360	1.43
2014	.360	.360	.360	.380	1.46
2015	.380				

BUSINESS: Vectren is a holding company formed through the merger of Indiana Energy and SIGCORP. Supplies electricity and gas to an area nearly two-thirds of the state of Indiana. Owns gas distribution assets in Ohio. Has a customer base exceeding 1.1 million. 2014 Electricity revenues: residential, 37%; commercial, 27%; industrial, 35%; other, 1%. 2014 Gas revenues: residential, 67%; commercial, 28%; other, 5%. Also provides energy-related products and services and has an investment subsidiary. Est'd plant age: electric, 8 years. '14 deprec. rate: 4.8%. Has 5,500 employees. Chairman, President, & CEO: Carl Chapman. Incorporated: IN. Address: One Vectren Square, Evansville, Indiana 47708. Telephone: 812-491-4000. Internet: www.vectren.com.

Shares of Vectren have pulled back somewhat in recent months. This issue had advanced steadily in recent years, though we think the stock had gotten a bit ahead of itself, following a run-up in price. The company posted a slight top-line decrease for the fourth quarter. Gas utility revenues advanced moderately for the period, but this was more than offset by declines in the electric utility and nonutility operations. Still, operating expenses fell slightly more than total revenue, and share earnings of $0.68 compared favorably with the prior-year tally.

We envision solid performance going forward. The utility group ought to report good results. The gas utility segment should benefit from returns on the Ohio infrastructure replacement programs and modest customer growth. We also expect the electric utility services line to perform well. Elsewhere, we think the nonutility group will continue to benefit from strong performance at the infrastructure business. This line will probably experience healthy demand, assuming fairly normal weather. Construction activity should remain strong, as utilities, municipalities, and pipeline operators replace aging natural gas and oil pipelines, and related infrastructure. The recent drop in energy prices is not expected to have a significant impact on results in the current year, as infrastructure services markets typically lag economic changes by up to 12 months. This might affect results next year, though long-term trends still appear favorable in this market. The absence of commodity-based nonutility businesses (following the sale of Vectren Fuels last year) will probably also be a plus. Overall, we expect a moderate top-line advance and a strong share-earnings improvement for the company for full-year 2015. Healthy growth will probably continue from 2016 onward.

This stock is favorably ranked for year-ahead performance. Conservative, income-seeking accounts may find something to like here. Vectren offers a solid dividend yield, and earns good marks for Safety, Financial Strength, Price Stability, and Earnings Predictability. But this appears to be reflected in the recent quotation, and long-term appreciation potential is subpar at this juncture.

Michael Napoli, CFA *March 20, 2015*

(A) Diluted EPS. Excl. nonrecur. gain (loss): '09, 15¢. Earnings may not sum due to rounding. Next egs report due in May.
(B) Div'ds historically paid in early March, June, September, and December. ■Div'd reinvest. plan avail. † Shareholder invest. plan avail. (C) Incl. intang. In '14, $6.34/sh. (D) In millions. (E) Electric rate base determination: fair value. Rates allowed on elect. common equity range from 10.15% to 10.4%; earned on common equity in '13: 8.8%. Regulatory Climate: Above Average.

Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	60
Earnings Predictability	85

NEXTERA ENERGY NYSE-NEE

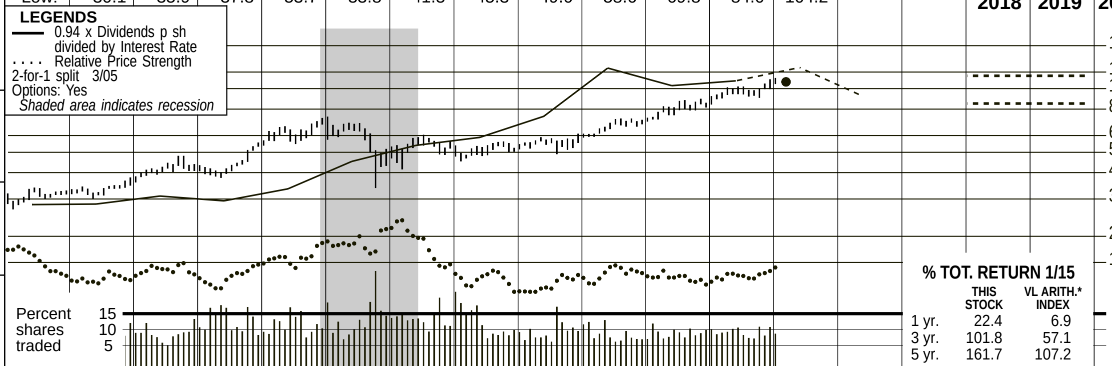
RECENT PRICE **107.83** | P/E RATIO **16.8** (Trailing: 19.3 / Median: 14.0) | RELATIVE P/E RATIO **0.91** | DIV'D YLD **2.9%** | VALUE LINE

TIMELINESS 3 Raised 4/25/14
SAFETY 2 Lowered 2/26/10
TECHNICAL 4 Lowered 2/13/15
BETA .70 (1.00 = Market)

High:	38.1	48.1	55.6	72.8	73.8	60.6	56.3	61.2	72.2	89.8	110.8	112.6
Low:	30.1	35.9	37.8	53.7	33.8	41.5	45.3	49.0	58.6	69.8	84.0	104.2

Target Price Range
2018 | 2019 | 2020

LEGENDS
— 0.94 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
2-for-1 split 3/05
Options: Yes
Shaded area indicates recession



2018-20 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	115	(+5%)	5%
Low	85	(-20%)	-2%

Insider Decisions

	M	A	M	J	J	A	S	O	N
to Buy	0	0	0	0	0	0	0	0	0
Options	1	0	0	0	1	1	0	0	3
to Sell	2	0	0	1	2	2	0	0	7

Institutional Decisions

	1Q2014	2Q2014	3Q2014
to Buy	400	404	392
to Sell	446	446	460
Hld's(000)	318167	319782	322274

Percent shares traded 15 10 5

% TOT. RETURN 1/15

	THIS STOCK	VL ARITH.* INDEX
1 yr.	22.4	6.9
3 yr.	101.8	57.1
5 yr.	161.7	107.2

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
18.03	20.15	24.10	22.74	26.13	28.27	30.00	38.75	37.47	40.13	37.82	36.39	36.88	33.62	34.80	*38.40*	*37.10*	*37.65*	Revenues per sh	*42.25*
4.86	4.94	5.02	4.51	5.36	5.60	6.18	6.77	6.85	8.03	8.75	9.62	9.29	8.69	10.54	*12.10*	*12.10*	*12.70*	"Cash Flow" per sh	*15.25*
2.04	2.07	2.31	2.01	2.45	2.46	2.32	3.23	3.27	4.07	3.97	4.74	4.82	4.56	4.83	5.60	*5.55*	*5.95*	Earnings per sh A	*7.25*
1.04	1.08	1.12	1.16	1.20	1.30	1.42	1.50	1.64	1.78	1.89	2.00	2.20	2.40	2.64	2.90	*3.08*	*3.32*	Div'd Decl'd per sh B ■ †	*4.00*
2.41	3.70	3.28	3.44	3.75	3.75	4.09	9.22	12.32	12.80	14.52	13.89	15.93	22.31	15.36	*15.85*	*17.25*	*15.95*	Cap'l Spending per sh	*16.00*
15.04	15.91	17.10	17.48	18.91	20.25	21.52	24.49	26.35	28.57	31.35	34.36	35.92	37.90	41.47	*44.95*	*48.65*	*52.05*	Book Value per sh C	*61.25*
357.11	351.53	351.71	365.51	368.53	372.24	394.85	405.40	407.35	408.92	413.62	420.86	416.00	424.00	435.00	*443.00*	*458.00*	*470.00*	Common Shs Outst'g D	*470.00*
13.0	12.8	12.5	14.2	12.6	13.6	17.9	13.7	18.9	14.5	13.4	10.8	11.5	14.4	16.6	17.3	*Bold figures are*		Avg Ann'l P/E Ratio	*14.0*
.74	.83	.64	.78	.72	.72	.95	.74	1.00	.87	.89	.69	.72	.92	.93	.90	*Value Line*		Relative P/E Ratio	*.90*
3.9%	4.1%	3.9%	4.1%	3.9%	3.9%	3.4%	3.4%	2.7%	3.0%	3.5%	3.9%	4.0%	3.6%	3.3%	3.0%	*estimates*		Avg Ann'l Div'd Yield	*4.0%*

CAPITAL STRUCTURE as of 9/30/14
Total Debt $29423 mill. **Due in 5 Yrs** $12584 mill.
LT Debt $24853 mill. **LT Interest** $1076 mill.

(LT interest earned: 3.0x)

Pension Assets-12/13 $3692 mill. **Oblig.** $2254 mill.

Pfd Stock None

Common Stock 436,482,306 shs.

MARKET CAP: $47 billion (Large Cap)

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		18-20
11846	15710	15263	16410	15643	15317	15341	14256	15136	17021	*17000*	*17700*	Revenues ($mill)	*19900*
901.0	1281.0	1312.0	1639.0	1615.0	1957.0	2021.0	1911.0	2062.0	2469.0	*2510*	*2785*	Net Profit ($mill)	*3470*
23.8%	23.7%	21.9%	21.5%	16.8%	21.4%	22.4%	26.6%	26.9%	32.3%	*32.0%*	*32.0%*	Income Tax Rate	*32.0%*
5.4%	3.8%	5.7%	6.6%	7.9%	4.4%	4.4%	10.8%	7.0%	*5.0%*	*7.0%*	*7.0%*	AFUDC % to Net Profit	*7.0%*
48.6%	49.1%	51.2%	54.2%	55.7%	55.5%	58.2%	59.1%	57.1%	*55.0%*	*52.5%*	*50.5%*	Long-Term Debt Ratio	*47.0%*
51.4%	50.9%	48.8%	45.8%	44.3%	44.5%	41.8%	40.9%	42.9%	*45.0%*	*47.5%*	*49.5%*	Common Equity Ratio	*53.0%*
16538	19521	22015	25514	29267	32474	35753	39245	42009	*44285*	*46700*	*49500*	Total Capital ($mill)	*54200*
22463	24499	28652	32411	36078	39075	42490	49413	52720	55705	*60575*	*64875*	Net Plant ($mill)	*76800*
6.9%	8.0%	7.5%	7.9%	6.9%	7.4%	7.0%	6.2%	6.2%	*7.0%*	*6.5%*	*6.5%*	Return on Total Cap'l	*7.5%*
10.6%	12.9%	12.2%	14.0%	12.5%	13.5%	13.5%	11.9%	11.4%	*12.5%*	*11.5%*	*11.5%*	Return on Shr. Equity	*12.0%*
10.6%	12.9%	12.2%	14.0%	12.5%	13.5%	13.5%	11.9%	11.4%	*12.5%*	*11.5%*	*11.5%*	Return on Com Equity E	*12.0%*
4.2%	6.9%	6.1%	7.9%	6.5%	7.8%	7.4%	5.6%	5.2%	*6.0%*	*5.0%*	*5.0%*	Retained to Com Eq	*5.5%*
60%	46%	50%	44%	47%	42%	46%	53%	54%	*51%*	*55%*	*55%*	All Div'ds to Net Prof	*54%*

ELECTRIC OPERATING STATISTICS

	2011	2012	2013
% Change Retail Sales (KWH)	-1.4	-1.4	+.9
Avg. Indust. Use (MWH)	343	336	296
Avg. Indust. Revs. per KWH (¢)	7.40	6.87	6.51
Capacity at Peak (Mw)	26538	26020	26236
Peak Load, Summer (Mw)	21619	21440	21576
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+.6	+.7	+1.8
Fixed Charge Cov. (%)	311	278	295

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '11-'13 to '18-'20
Revenues	3.5%	-2.0%	*2.5%*
"Cash Flow"	6.5%	5.5%	*7.0%*
Earnings	7.5%	6.0%	*6.5%*
Dividends	7.5%	8.0%	*7.5%*
Book Value	8.0%	7.5%	*7.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	3371	3667	3843	3375	14256
2013	3279	3833	4394	3630	15136
2014	3674	4029	4654	4664	17021
2015	*4000*	*4250*	*4750*	*4000*	*17000*
2016	*4150*	*4450*	*4950*	*4150*	*17700*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	1.11	1.45	.98	1.02	4.56
2013	1.00	1.44	1.64	.75	4.83
2014	.98	1.12	1.50	2.00	5.60
2015	*1.30*	*1.45*	*1.65*	*1.15*	*5.55*
2016	*1.40*	*1.55*	*1.75*	*1.25*	*5.95*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ † Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.55	.55	.55	.55	2.20
2012	.60	.60	.60	.60	2.40
2013	.66	.66	.66	.66	2.64
2014	.725	.725	.725	.725	2.90
2015					

BUSINESS: NextEra Energy, Inc. (formerly FPL Group, Inc.) is a holding company for Florida Power & Light Company (FPL), which provides electricity to 4.7 million customers in a 27,650-sq.-mi. area in eastern & southern Florida. NextEra Energy Resources is a non-regulated power generator with nuclear, gas, & wind ownership. Revenue breakdown: residential, 54%; commercial, 37%; industrial & other, 8%. Generating sources: gas, 67%; nuclear, 23%; coal, 5%; purchased, 5%. Fuel costs: 33% of revenues. '13 reported deprec. rate (utility): 3.4%. Has 13,900 employees. Chairman: Lewis Hay, III. President and CEO: James L. Robo. Inc.: Florida. Address: 700 Universe Boulevard, Juno Beach, Florida 33408. Tel.: 561-694-4000. Internet: www.nexteraenergy.com.

NextEra Energy has agreed to acquire Hawaiian Electric Industries' three electric utility subsidiaries. NextEra would pay $2.8 billion, mostly in stock, for the utilities. The purchase requires the approval of HEI shareholders, the Hawaii Public Utilities Commission, and the Federal Energy Regulatory Commission. The companies expect the deal to be completed by yearend. NextEra would bring its expertise in renewable energy to Hawaii, which wants to use more renewables and less oil. However, NextEra would be paying a high price for utilities that have underearned their allowed returns on equity—sometimes by a wide margin.

NextEra's regulated and nonregulated businesses are performing well. Florida Power & Light is benefiting from solid customer growth and the economic recovery in its service territory. NextEra Energy Resources adds renewable projects every year (1,629 megawatts in 2014).

Investors should not be concerned about the slight earnings decline we estimate for 2015. Last year, mark-to-market accounting gains stemming from hedges boosted share net by $0.35. This will make the comparison tough, notably in the December quarter. We include these gains (or charges) in our presentation because they are an ongoing part of operations, but don't reflect them in our estimates and projections because they are impossible to predict. Our 2015 earnings estimate is within NextEra's targeted range of $5.40-$5.70 a share. We forecast a 7% earnings increase, to $5.95, in 2016.

FPL is planning some investments in natural gas. The Florida commission approved a plan to invest in gas reserves in order to reduce costs for ratepayers. The utility also plans to invest at least $2 billion in two gas pipeline joint ventures.

We think the board of directors raised the dividend shortly after this report went to press. The board has been hiking the payout at a fast pace in recent years.

NextEra's dividend yield is low for a utility. The valuation reflects the company's good track record and superior dividend growth potential. However, with the recent price above the midpoint of our 2018-2020 Target Price Range, total return potential is negligible.

Paul E. Debbas, CFA *February 20, 2015*

(A) Diluted EPS. Excl. nonrecurring gain (losses): '00, (5¢); '02, (60¢); '03, 5¢; '11, (24¢); '13, (80¢); gain on discontinued operations: '13, 44¢. Next earnings report due late April. **(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 '13: $5.18/sh. **(D)** In millions, adjusted for stock split. **(E)** Rate allowed on com. eq. in '13: 9.5%-11.5%; earned on avg. com. eq., '13: 12.1%. Regulatory Climate: Average.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	70
Earnings Predictability	80

WISCONSIN ENERGY NYSE-WEC

RECENT PRICE 48.35 | P/E RATIO 19.0 (Trailing: 18.7 Median: 15.0) | RELATIVE P/E RATIO 1.03 | DIV'D YLD 3.6% | VALUE LINE

TIMELINESS 3 Raised 3/20/15
SAFETY 1 Raised 3/23/12
TECHNICAL 3 Raised 3/13/15
BETA .65 (1.00 = Market)

High:	17.3	20.4	24.3	25.2	24.8	25.3	30.5	35.4	41.5	45.0	55.4	58.0
Low:	14.8	16.7	19.1	20.5	17.4	18.2	23.4	27.0	33.6	37.0	40.2	48.2

Target Price Range 2018 | 2019 | 2020

2018-20 PROJECTIONS

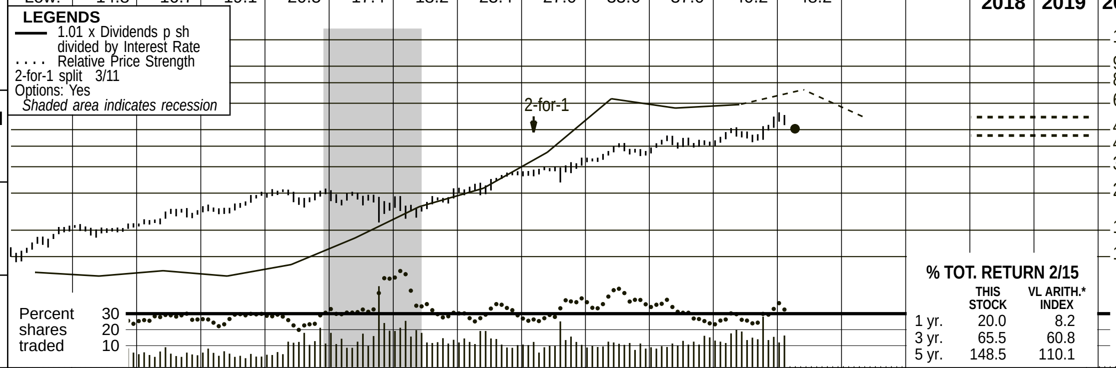
	Price	Gain	Ann'l Total Return
High	55	(+15%)	7%
Low	45	(-5%)	3%

Insider Decisions

	A	M	J	J	A	S	O	N	D
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	2	0	3	3	0
to Sell	0	0	0	0	4	0	3	4	0

Institutional Decisions

	2Q2014	3Q2014	4Q2014
to Buy	257	220	244
to Sell	186	224	226
Hld's(000)	166724	174180	171841



% TOT. RETURN 2/15

	THIS STOCK	VL ARITH.* INDEX
1 yr.	20.0	8.2
3 yr.	65.5	60.8
5 yr.	148.5	110.1

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
9.56	14.14	17.02	16.10	17.12	14.66	16.31	17.08	18.12	18.95	17.65	17.98	19.46	18.54	20.00	22.15	22.15	23.20	Revenues per sh	26.50
2.26	2.24	2.72	2.84	2.86	2.58	2.89	2.90	2.98	2.95	3.11	3.30	3.68	4.01	4.33	4.45	4.60	4.95	"Cash Flow" per sh	6.00
.94	.54	.92	1.16	1.13	.93	1.28	1.32	1.42	1.52	1.60	1.92	2.18	2.35	2.51	2.59	2.65	2.80	Earnings per sh A	3.50
.78	.69	.40	.40	.40	.42	.44	.46	.50	.54	.68	.80	1.04	1.20	1.45	1.56	1.69	1.82	Div'd Decl'd per sh B ■	2.25
2.22	2.64	3.01	2.54	2.95	2.85	3.40	4.17	5.28	4.86	3.50	3.41	3.60	3.09	3.04	3.25	3.65	3.35	Cap'l Spending per sh	3.75
8.44	8.50	8.91	9.22	9.96	10.65	11.46	12.35	13.25	14.27	15.26	16.26	17.20	18.05	18.73	19.60	20.55	20.85	Book Value per sh C	22.00
237.81	237.29	230.84	232.06	236.85	233.97	233.96	233.94	233.89	233.84	233.82	233.77	230.49	229.04	225.96	225.50	225.50	224.00	Common Shs Outst'g D	218.00
13.3	18.7	12.1	10.5	12.4	17.5	14.5	16.0	16.5	14.8	13.3	14.0	14.2	15.8	16.5	17.7	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	14.5
.76	1.22	.62	.57	.71	.92	.77	.86	.88	.89	.89	.89	.89	1.01	.93	.94			Relative P/E Ratio	.90
6.3%	6.8%	3.6%	3.3%	2.8%	2.6%	2.4%	2.2%	2.1%	2.4%	3.2%	3.0%	3.3%	3.2%	3.5%	3.4%			Avg Ann'l Div'd Yield	4.5%

CAPITAL STRUCTURE as of 9/30/14
Total Debt $5093.1 mill. **Due in 5 Yrs** $1625.5 mill.
LT Debt $4569.6 mill. **LT Interest** $251.3 mill.
Incl. $84.5 mill. capitalized leases.
(LT interest earned: 5.0x)
Leases, Uncapitalized Annual rentals $3.9 mill.
Pension Assets-12/13 $1451.0 mill. **Oblig.** $1410.2 mill.
Pfd Stock $30.4 mill. **Pfd Div'd** $1.2 mill.
260,000 shs. 3.60%, $100 par, callable at $101; 44,498 shs. 6%, $100 par.
Common Stock 225,517,341 shs.

MARKET CAP: $11 billion (Large Cap)

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		18-20
3815.5	3996.4	4237.8	4431.0	4127.9	4202.5	4486.4	4246.4	4519.0	4997.1	5000	5200	Revenues ($mill)	5800
304.8	313.7	337.7	359.8	378.4	455.6	514.0	547.5	578.6	589.5	605	640	Net Profit ($mill)	780
32.9%	35.8%	39.1%	37.6%	36.5%	35.4%	33.9%	35.9%	36.9%	38.0%	37.5%	38.0%	Income Tax Rate	38.0%
12.5%	19.0%	23.8%	27.2%	25.0%	18.6%	16.8%	9.4%	4.5%	6.0%	7.0%	5.0%	AFUDC % to Net Profit	5.0%
52.8%	51.3%	50.3%	54.8%	51.9%	50.6%	53.6%	51.7%	50.6%	48.5%	49.5%	49.0%	Long-Term Debt Ratio	49.0%
46.7%	48.2%	49.2%	44.8%	47.7%	49.0%	46.0%	48.0%	49.1%	51.0%	50.0%	50.5%	Common Equity Ratio	51.0%
5741.5	5992.8	6302.1	7442.0	7473.1	7764.5	8608.0	8619.3	8626.6	8625	9220	9265	Total Capital ($mill)	9450
6362.9	7052.5	7681.2	8517.0	9070.5	9601.5	10160	10572	10907	11258	11650	11925	Net Plant ($mill)	12825
7.0%	6.6%	7.0%	6.3%	6.4%	7.5%	7.5%	7.9%	8.1%	8.0%	8.0%	8.5%	Return on Total Cap'l	9.5%
11.2%	10.7%	10.8%	10.7%	10.5%	11.9%	12.9%	13.1%	13.6%	13.0%	13.0%	13.5%	Return on Shr. Equity	16.0%
11.3%	10.8%	10.9%	10.7%	10.6%	12.0%	12.9%	13.2%	13.6%	13.5%	13.0%	13.5%	Return on Com Equity E	16.0%
7.5%	7.1%	7.1%	7.0%	6.2%	7.0%	6.8%	6.5%	5.9%	5.5%	5.0%	5.0%	Retained to Com Eq	6.0%
34%	35%	35%	35%	42%	41%	47%	51%	57%	60%	63%	64%	All Div'ds to Net Prof	63%

ELECTRIC OPERATING STATISTICS

	2011	2012	2013
% Change Retail Sales (KWH)	-.5	-.6	-4.5
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	7.64	7.66	8.21
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+.2	+.3	+.2
Fixed Charge Cov. (%)	336	377	414

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '11-'13 to '18-'20
Revenues	1.5%	1.5%	4.5%
"Cash Flow"	3.5%	6.5%	6.0%
Earnings	8.0%	10.5%	6.0%
Dividends	12.0%	19.5%	9.0%
Book Value	7.0%	6.0%	3.0%

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	1191.2	944.7	1039.3	1071.2	4246.4
2013	1275.2	1012.3	1053.2	1178.3	4519.0
2014	1695.0	1043.7	1033.3	1225.1	4997.1
2015	1500	1100	1150	1250	5000
2016	1550	1150	1200	1300	5200

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	.74	.51	.67	.43	2.35
2013	.76	.52	.60	.63	2.51
2014	.91	.58	.56	.53	2.59
2015	.77	.56	.68	.64	2.65
2016	.82	.59	.72	.67	2.80

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.26	.26	.26	.26	1.04
2012	.30	.30	.30	.30	1.20
2013	.34	.34	.3825	.3825	1.45
2014	.39	.39	.39	.39	1.56
2015	.4225				

BUSINESS: Wisconsin Energy Corporation is a holding company for We Energies, which provides electric, gas & steam service in Wisconsin. Customers: 1.1 mill. elec., 1.1 mill. gas. Acq'd WICOR 4/00. Discontinued pump-manufacturing operations in '04. Sold Point Beach nuclear plant in '07. Elec. revenue breakdown: residential, 36%; small commercial & industrial, 32%; large commercial & industrial, 22%; other, 10%. Generating sources: coal, 54%; gas, 10%; renewables, 3%; purchased, 33%. Fuel costs: 40% of revs. '13 reported deprec. rate (utility): 2.9%. Has 4,300 employees. Chairman & CEO: Gale E. Klappa. President: Allen L. Leverett. Inc.: WI. Address: 231 W. Michigan St., P.O. Box 1331, Milwaukee, WI 53201. Tel.: 414-221-2345. Internet: www.wisconsinenergy.com.

Wisconsin Energy is seeking regulatory approval for its takeover of Integrys Energy. The company would buy Integrys for $4.4 billion in stock and $1.5 billion in cash (which would be financed with debt). Integrys would fit well with Wisconsin Energy because it provides electric and gas service in the state, and would provide the company with gas service in Illinois and Minnesota. In addition, Wisconsin Energy would wind up with a 60% stake in American Transmission Company, up from 26% now. The acquisition requires the approval of the commissions in Wisconsin, Illinois, Michigan, and Minnesota, plus that of the Federal Energy Regulatory Commission. The companies are targeting the second half of 2015 for completion of the deal. Wisconsin Energy would change its name to WEC Energy upon closing.

Management believes the combination would enhance the company's growth rate, now 4%-6%. Wisconsin Energy expects 5%-7% with the addition of Integrys. Wisconsin Energy shareholders (who saw an 8.3% dividend hike in early 2015) can expect another increase upon closing, so that Integrys shareholders can maintain their dividend income.

A rate order was issued in late 2014. Base electric rates will rise by $43.2 million this year. Gas rates will rise by $6.4 million in 2015 and $21.4 million in 2016. Steam rates will climb by $1.7 million this year. This should help Wisconsin Energy's profits improve in 2015. Note that our estimate of $2.65 a share is below the company's guidance of $2.67-$2.77, which excludes merger-related costs that we include. Moreover, our estimates and projections will not include Integrys until the takeover has been completed.

We estimate higher earnings in 2016. Gas rate relief and modest volume growth should benefit the utility. Also, we assume no merger-related costs and a resumption of a share-repurchase plan in our forecast. Our profit estimate is $2.80 a share.

Top-quality Wisconsin Energy stock has a dividend yield that is about average for a utility. Total return potential to 2018-2020 is unspectacular, but our projections might well be raised with the addition of Integrys.

Paul E. Debbas, CFA *March 20, 2015*

(A) Diluted EPS. Excl. nonrec. gains (losses): '99, (5¢); '00, 10¢ net; '02, (44¢); '03, (10¢) net; '04, (42¢); gains on disc. ops.: '04, 77¢; '05, 2¢; '06, 2¢; '09, 2¢; '10, 1¢; '11, 6¢. '14 EPS don't add due to rounding. Next earnings report due early May. (B) Div'ds historically paid in early Mar., June, Sept. & Dec. ■ Div'd reinvestment plan avail. (C) Incl. intang. In '13: $6.86/sh. (D) In mill., adj. for split. (E) Rate base: Net orig. cost. Rates all'd on com. eq. in WI in '15: 10.2%-10.3%; earned on avg. com. eq., '13: 13.6%. Regulat. Climate: Above Avg.

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

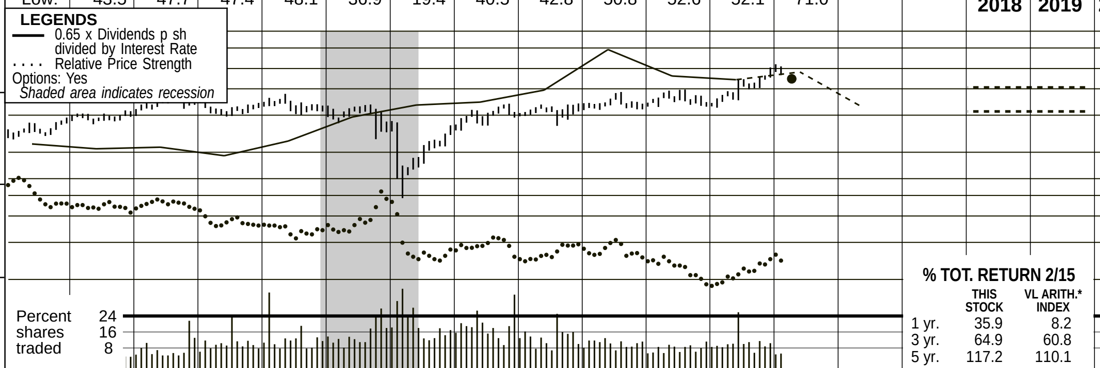
INTEGRYS ENERGY NYSE-TEG

RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
71.30	24.9	(Trailing: 25.8 Median: 15.0)	1.35	3.8%	VALUE LINE

TIMELINESS – Suspended 7/4/14
SAFETY 2 Raised 6/24/11
TECHNICAL – Suspended 7/4/14
BETA .80 (1.00 = Market)

High:	50.5	60.0	57.8	60.6	53.9	45.1	54.4	54.6	61.9	63.6	80.9	83.7
Low:	43.5	47.7	47.4	48.1	36.9	19.4	40.5	42.8	50.8	52.6	52.1	71.0

Target Price Range 2018 | 2019 | 2020



2018-20 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	65	(-10%)	2%
Low	50	(-30%)	-4%

Insider Decisions

	A	M	J	J	A	S	O	N	D
to Buy	0	0	0	0	0	0	0	0	0
Options	1	0	3	0	1	5	5	11	12
to Sell	1	0	3	0	2	5	5	11	10

Institutional Decisions

	2Q2014	3Q2014	4Q2014
to Buy	140	138	146
to Sell	170	148	160
Hld's(000)	43525	44422	44744

% TOT. RETURN 2/15

	THIS STOCK	VL ARITH.* INDEX
1 yr.	35.9	8.2
3 yr.	64.9	60.8
5 yr.	117.2	110.1

Integrys Energy Group was created as a holding company on February 21, 2007 to oversee the entire operations of the recently merged WPS Resources and Peoples Energy. WPS acquired Peoples in an agreement under which each common share of Peoples was converted into .825 share of WPS common. The combination took the new name of Integrys Energy Group. All data on this page prior to 2/21/07 are for WPS Resources only.

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	© VALUE LINE PUB. LLC	18-20
173.37	160.01	135.44	184.86	98.71	67.27	60.44	54.07	70.92	52.11	*52.85*	*55.35*	Revenues per sh	*61.00*
7.40	6.33	5.19	4.69	5.34	6.70	6.13	6.95	7.72	6.46	*6.80*	*7.50*	"Cash Flow" per sh	*8.50*
4.09	3.51	2.48	1.58	2.28	3.24	2.88	3.67	4.33	2.77	*3.05*	*3.25*	Earnings per sh A	*4.00*
2.24	2.28	2.56	2.68	2.72	2.72	2.72	2.72	2.72	2.72	*2.72*	*2.72*	Div'd Decl'd per sh B ■	*2.80*
10.31	7.94	5.17	7.01	5.85	3.35	4.00	7.63	8.42	10.88	*12.35*	*12.30*	Cap'l Spending per sh	*13.25*
32.47	35.61	42.58	40.79	37.62	37.57	38.01	38.84	41.05	41.49	*41.85*	*42.40*	Book Value per sh C	*45.50*
40.16	43.06	75.99	75.99	75.98	77.35	77.91	77.90	79.45	79.53	*79.50*	*79.50*	Common Shs Outst'g D	*79.50*
13.4	14.7	21.4	30.7	14.8	14.7	17.5	14.8	13.3	23.1	*Bold figures are*		Avg Ann'l P/E Ratio	*14.0*
.71	.79	1.14	1.85	.99	.94	1.10	.94	.75	1.22	*Value Line*		Relative P/E Ratio	*.90*
4.1%	4.4%	4.8%	5.5%	8.1%	5.7%	5.4%	5.0%	4.7%	4.2%	*estimates*		Avg Ann'l Div'd Yield	*5.0%*
6962.7	6890.7	10292	14048	7499.8	5203.2	4708.7	4212.4	5634.6	4144.2	*4200*	*4400*	Revenues ($mill)	*4850*
157.4	151.6	181.1	124.8	178.2	255.9	230.9	294.2	350.1	227.0	*245*	*265*	Net Profit ($mill)	*335*
22.9%	22.9%	32.2%	29.1%	41.5%	40.4%	36.7%	33.8%	37.6%	41.2%	*41.0%*	*41.0%*	Income Tax Rate	*41.0%*
1.0%	.5%	.7%	5.8%	4.5%	.7%	.4%	1.3%	4.3%	7.8%	*6.0%*	*6.0%*	AFUDC % to Net Profit	*5.0%*
39.0%	44.8%	40.8%	42.1%	45.1%	42.2%	38.3%	38.6%	47.2%	46.9%	*49.5%*	*49.5%*	Long-Term Debt Ratio	*49.0%*
58.7%	53.4%	58.3%	57.0%	53.9%	56.8%	60.6%	60.4%	52.0%	52.3%	*50.0%*	*49.5%*	Common Equity Ratio	*50.0%*
2222.4	2871.9	5552.0	5438.7	5304.4	5118.5	4884.5	5008.6	6268.6	6307.1	*6685*	*6805*	Total Capital ($mill)	*7225*
2049.4	2534.8	4463.8	4773.3	4945.1	5013.4	5199.1	5501.9	6410.5	6859.8	*7550*	*8190*	Net Plant ($mill)	*10325*
8.0%	6.4%	4.5%	3.5%	4.6%	6.2%	5.9%	6.9%	6.5%	4.8%	*5.0%*	*5.0%*	Return on Total Cap'l	*6.0%*
11.6%	9.6%	5.5%	4.0%	6.1%	8.7%	7.7%	9.6%	10.6%	6.8%	*7.5%*	*7.5%*	Return on Shr. Equity	*9.0%*
11.8%	9.7%	5.5%	3.9%	6.1%	8.7%	7.7%	9.6%	10.6%	6.8%	*7.5%*	*8.0%*	Return on Com Equity E	*9.0%*
5.3%	3.4%	.0%	NMF	NMF	2.3%	.7%	2.6%	4.4%	.2%	*1.0%*	*1.5%*	Retained to Com Eq	*3.0%*
56%	65%	99%	NMF	118%	74%	91%	73%	59%	97%	*89%*	*83%*	All Div'ds to Net Prof	*68%*

CAPITAL STRUCTURE as of 12/31/14
Total Debt $3398.9 mill. **Due in 5 Yrs** $752.6 mill.
LT Debt $2956.3 mill. **LT Interest** $147.8 mill.
(LT interest earned: 3.4x)
Leases, Uncapitalized Annual rentals $4.7 mill.
Pension Assets-12/14 $1495.6 mill.
Oblig. $1705.7 mill.
Pfd Stock $51.1 mill. **Pfd Div'd** $3.1 mill.
510,626 shs. 5.00% to 6.88%, callable $101 to $107.50; sinking fund began 11/1/79. All cumulative, $100 par.
Common Stock 79,963,091 shs.
as of 2/25/15
MARKET CAP: $5.7 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2012	2013	2014
% Change Retail Sales (KWH)	+.2	-.4	+6.0
Avg. C & I Use (KWH)	NA	NA	NA
Avg. C & I Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	3173	3344	NA
Peak Load, Summer (Mw)	2347	2400	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+.4	+.4	-9.5
Fixed Charge Cov. (%)	367	410	254

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14 to '18-'20
Revenues	-6.0%	-16.0%	*.5%*
"Cash Flow"	1.0%	7.0%	*3.0%*
Earnings	1.0%	11.0%	*2.0%*
Dividends	2.5%	.5%	*.5%*
Book Value	4.0%	- -	*2.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	1247.9	839.6	927.7	1197.2	4212.4
2013	1678.2	1116.0	1129.7	1710.7	5634.6
2014	1638.0	836.8	657.1	1012.3	4144.2
2015	*1600*	*850*	*700*	*1050*	*4200*
2016	*1700*	*875*	*725*	*1100*	*4400*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	1.24	.65	.93	.86	3.67
2013	2.29	d.06	.47	1.63	4.33
2014	1.73	.10	.27	.66	2.77
2015	*1.80*	*.10*	*.30*	*.85*	*3.05*
2016	*1.90*	*.10*	*.35*	*.90*	*3.25*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2011	.68	.68	.68	.68	2.72
2012	.68	.68	.68	.68	2.72
2013	.68	.68	.68	.68	2.72
2014	.68	.68	.68	.68	2.72
2015	.68				

BUSINESS: Integrys Energy Group, Inc. is a holding company for Wisconsin Public Service, Peoples Gas, and four other utility subsidiaries. Has 450,000 electric customers in WI, 1.7 million gas customers in WI, IL, MN, and MI. Sold Upper Peninsula Power and retail electric and gas marketing operations in '14. Elec. rev. breakdown: residential, 29%; small commercial & industrial, 29%; large commercial & industrial, 19%; other, 23%. Generating sources: coal, 49%; gas, 12%; other, 5%; purchased, 34%. Fuel costs: 51% of revs. '14 depr. rates (utility): 2.2%-3.2%. Has 4,600 employees. Chairman & CEO: Charles A. Schrock. President & COO: Lawrence T. Borgard. Inc.: WI. Address: 130 East Randolph St., Chicago, IL 60601-6207. Tel.: 312-228-5400. Internet: www.integrysgroup.com.

Integrys Energy is awaiting regulatory approval for the company to be acquired by Wisconsin Energy. Integrys stockholders would receive $18.58 in cash and 1.128 shares of Wisconsin Energy stock for each of their shares, making the deal worth $73.12 a share at Wisconsin Energy's recent price. The transaction requires the approval of the regulators in Wisconsin, Illinois, Michigan, and Minnesota, plus that of the Federal Energy Regulatory Commission. The companies expect it to close in the second half of 2015. The Timeliness rank of Integrys stock is suspended due to the takeover agreement.

We continue to advise Integrys holders to sell their shares on the open market. The recent price is less than 3% below the value of the buyout price, so there is little upside potential unless the price of Wisconsin Energy stock rises. By selling, Integrys holders avoid downside risk in case the deal fails to win regulatory approval or utility stocks weaken—as they have so far in 2015.

Integrys' utilities received some rate hikes in the first quarter. Wisconsin Public Service's electric rates were raised by $24.6 million and its gas tariffs were lowered by $15.4 million, based on a 10.2% return on equity. The Illinois commission granted Peoples Gas and North Shore Gas a total of $74.6 million, based on a 9.05% ROE. Rate relief should help Integrys' earnings advance this year and next, since the orders in Illinois didn't take effect until late February.

Wisconsin Public Service is seeking a certificate of need to build a gas-fired generating unit. The utility wants to add a 400-megawatt facility at the site of an existing plant at an expected cost of $517 million. A ruling from the state commission is expected in the second half of 2015.

Other major capital projects are already under way. A coal-fired unit is undergoing an environmental upgrade at a cost of $345 million. A system modernization and reliability project is budgeted for $220 million. In Illinois, the company expects to spend $2.2 billion-$2.6 billion over a 10-year period to replace aging gas pipelines. The utility receives current cost recovery of these expenditures through a regulatory mechanism.

Paul E. Debbas, CFA *March 20, 2015*

(A) Dil. EPS. Excl. nonrecur. gain (losses): '09, ($3.24); '10, (41¢); '14, 64¢; gains (losses) from disc. ops.: '07, $1.02; '08, 6¢; '09, 4¢; '11, (1¢); '12, (12¢); '13, 6¢; '14, 2¢. '12 & '14 EPS don't add due to rounding. Next egs. due early May. (B) Div'ds histor. paid mid-Mar., June, Sept., & Dec. ■ Div'd reinv. plan avail. (C) Incl. intang. In '14: $27.27/sh. (D) In mill. (E) Rate base: Net orig. cost. Rate all'd on com. eq. in WI in '15: 10.2%; in IL in '15: 9.05%; in MN in '14: 9.35%; earn. on avg. com. eq, '14: 6.8%. Regul. Climate: WI, Above Avg.; IL, Below Avg.

Company's Financial Strength	A
Stock's Price Stability	90
Price Growth Persistence	45
Earnings Predictability	45

Stock Price Data in Date Order for Yield Calculation/Raw Price Data

										Elim/Merger/Acq.		
Date	ALE	LNT	ED	DUK	EIX	OGE	PNW	SO	VVC	TEG	WEC	NEE
5/29/2015	50.35	61.30	61.84	75.73	60.81	31.50	60.92	43.69	42.57	71.91	48.28	102.34
5/28/2015	50.13	61.46	61.81	75.95	61.05	31.53	61.18	43.51	42.77	71.94	48.33	102.27
5/27/2015	49.64	61.26	61.34	76.21	60.78	31.45	61.15	43.73	42.42	71.99	48.30	100.83
5/26/2015	49.25	60.68	61.07	75.76	60.46	31.23	60.57	43.30	42.00	72.25	48.24	100.26
5/22/2015	49.59	61.21	61.14	76.05	60.74	31.60	60.98	43.23	42.26	72.46	48.34	101.45
5/21/2015	49.59	61.33	61.37	76.16	60.83	31.72	61.09	43.38	42.55	72.83	48.70	101.38
5/20/2015	49.08	61.40	61.38	76.54	60.81	31.83	60.96	43.67	42.86	72.96	48.73	101.74
5/19/2015	48.96	61.26	61.14	76.19	60.58	31.81	60.78	43.67	42.57	72.55	48.23	101.73
5/18/2015	48.65	61.23	61.05	76.03	60.77	32.04	60.56	43.65	42.55	71.85	48.26	101.52
5/15/2015	48.43	61.00	60.82	76.15	60.44	31.99	59.96	43.72	42.36	71.56	48.00	101.36
5/14/2015	48.33	60.27	60.45	75.49	59.75	31.72	59.38	43.18	41.91	70.81	47.55	100.31
5/13/2015	48.06	59.47	59.60	74.44	58.84	31.21	58.60	42.84	41.04	69.93	46.84	99.44
5/12/2015	48.32	59.90	60.48	75.51	59.52	31.24	59.53	42.93	41.38	70.66	47.31	99.15
5/11/2015	48.36	60.09	60.86	75.77	60.27	31.82	59.48	43.04	41.87	70.94	47.47	99.25
5/8/2015	48.36	60.26	60.43	76.31	60.67	31.96	59.86	43.60	41.95	71.41	47.67	100.44
5/7/2015	48.60	60.29	60.59	76.01	60.14	31.96	59.74	43.68	41.69	71.26	47.38	99.83
5/6/2015	48.74	60.19	60.45	75.61	59.60	32.00	59.40	43.53	41.65	70.66	47.23	99.27
5/5/2015	49.02	60.44	60.18	75.46	60.37	32.01	59.62	43.72	41.97	71.23	47.55	99.39
5/4/2015	49.85	61.87	61.44	77.15	61.92	32.60	61.08	44.42	43.16	73.33	49.41	101.98
5/1/2015	49.42	61.01	61.01	77.09	61.54	32.37	60.48	44.26	42.85	72.94	49.16	101.10
4/30/2015	50.30	60.47	61.55	77.57	60.94	32.68	61.20	44.30	43.17	73.10	49.12	100.93
4/29/2015	51.27	61.76	62.08	78.43	62.01	32.81	62.22	44.65	43.94	73.59	49.90	102.70
4/28/2015	51.66	62.22	62.27	78.97	61.66	32.42	62.82	44.66	44.30	74.14	50.34	104.10
4/27/2015	51.15	61.76	61.69	78.37	61.01	32.06	62.38	44.32	43.94	73.82	50.21	103.82
4/24/2015	51.54	62.77	62.50	79.41	61.58	32.45	63.15	44.87	44.89	74.45	51.11	105.05
4/23/2015	51.08	62.32	62.10	78.86	60.44	32.43	62.85	44.69	44.35	73.83	50.66	104.28
4/22/2015	50.65	62.20	61.64	78.30	60.01	32.32	62.30	44.48	44.05	73.23	50.28	103.29
4/21/2015	50.87	62.05	61.47	78.07	60.50	32.41	62.31	44.42	43.84	73.05	50.17	103.40
4/20/2015	51.59	62.52	61.80	78.61	61.65	32.86	62.80	44.76	44.23	73.44	50.33	104.50
4/17/2015	50.94	61.60	60.94	77.31	61.07	32.67	62.06	44.11	43.50	72.28	49.54	103.15
4/16/2015	51.38	61.82	60.91	77.31	61.68	32.21	62.12	44.11	43.63	72.37	49.45	103.76
4/15/2015	51.49	62.26	60.76	78.02	62.49	32.48	62.44	44.20	43.84	72.67	49.70	104.18
4/14/2015	51.44	62.45	60.82	77.59	62.99	32.21	62.74	44.35	43.99	72.44	49.78	104.36
4/13/2015	51.15	62.19	60.46	77.23	62.81	31.95	62.09	44.20	43.70	72.26	49.43	103.75
4/10/2015	51.83	62.58	60.86	77.84	63.79	32.07	63.18	44.62	44.32	72.71	49.65	104.90
4/9/2015	51.57	61.96	60.26	77.01	63.37	31.62	62.02	44.47	43.83	71.68	49.05	104.01
4/8/2015	51.86	61.97	60.60	77.30	63.71	31.62	62.52	44.34	44.04	72.07	49.36	104.04
4/7/2015	51.86	62.05	60.59	77.65	63.73	31.66	62.60	44.26	44.15	72.26	49.54	104.29
4/6/2015	52.68	63.09	61.55	78.24	64.24	32.09	63.81	44.92	44.94	73.03	50.23	105.54
4/2/2015	52.36	62.35	60.95	76.97	63.04	31.76	63.06	44.64	44.59	72.57	49.79	104.75
4/1/2015	52.79	62.30	61.15	76.83	62.93	31.58	63.43	44.62	44.48	72.66	49.93	104.76

Stock Price Data in Date Order for Yield Calculation/Raw Price Data

Date	ALE	LNT	ED	DUK	EIX	OGE	PNW	SO	VVC	TEG	WEC	NEE
3/31/2015	52.76	63.00	61.00	76.78	62.47	31.61	63.75	44.28	44.14	72.02	49.50	104.05
3/30/2015	52.67	62.58	60.79	75.90	63.04	31.85	63.80	44.33	44.21	72.10	49.73	104.74
3/27/2015	52.40	61.64	59.80	75.00	62.18	31.52	63.05	44.01	43.76	71.95	49.45	103.54
3/26/2015	52.19	61.30	58.80	74.35	61.81	31.31	62.56	43.76	43.41	71.57	48.87	102.72
3/25/2015	52.96	62.02	60.58	74.96	62.16	31.50	63.05	44.03	43.96	72.13	49.09	103.42
3/24/2015	53.23	62.54	60.88	76.06	62.71	31.91	63.90	44.52	44.36	73.02	49.62	104.84
3/23/2015	53.61	63.43	61.53	76.80	63.79	32.29	64.82	45.17	44.62	74.01	50.17	105.74
3/20/2015	53.47	63.58	61.47	76.67	63.74	32.45	64.73	44.97	44.77	74.33	50.19	105.99
3/19/2015	53.02	62.72	60.84	76.01	64.38	31.76	63.99	44.66	44.11	73.67	49.63	105.48
3/18/2015	53.90	63.02	62.09	76.40	65.05	32.29	64.87	45.14	44.60	73.73	49.92	106.90
3/17/2015	52.80	61.69	61.17	75.08	63.09	31.43	63.33	44.32	43.06	72.04	48.70	103.28
3/16/2015	53.39	61.79	61.72	75.71	63.73	31.50	63.25	44.63	43.38	72.55	49.06	102.97
3/13/2015	52.59	60.52	60.84	74.61	62.41	31.24	62.08	43.95	42.79	71.23	48.21	100.61
3/12/2015	53.02	61.15	61.40	75.28	62.63	31.49	63.00	44.46	43.49	71.53	48.56	100.52
3/11/2015	51.90	60.31	59.72	74.28	61.58	31.19	61.80	43.72	42.67	70.58	47.82	97.98
3/10/2015	52.12	60.67	60.08	74.70	61.65	31.38	62.26	43.93	42.71	71.30	48.35	97.99
3/9/2015	52.14	60.70	60.42	74.76	61.38	31.67	62.10	44.01	42.91	71.83	48.62	98.93
3/6/2015	51.64	60.25	59.98	74.96	60.91	31.66	61.97	44.09	42.70	71.29	48.40	98.70
3/5/2015	53.14	62.20	62.32	77.58	63.39	32.22	63.53	45.02	44.00	73.43	50.48	102.13
3/4/2015	52.76	62.09	61.87	77.08	63.02	31.72	63.07	44.83	43.88	72.46	49.94	101.39
3/3/2015	53.65	62.64	62.17	77.51	63.31	32.42	63.56	45.15	44.26	73.90	50.67	101.94
3/2/2015	53.40	62.41	61.82	77.06	63.29	31.80	62.86	44.87	43.99	73.49	50.11	101.54
2/27/2015	54.84	63.60	63.14	78.55	63.82	32.51	64.08	45.79	44.65	74.73	50.98	103.46
2/26/2015	54.73	63.71	63.06	78.56	63.67	32.73	64.40	45.76	44.63	74.59	50.79	103.48
2/25/2015	54.95	64.37	63.79	79.01	64.46	33.81	64.82	45.92	44.81	75.56	51.57	103.78
2/24/2015	56.10	65.51	65.26	79.85	65.20	34.08	66.06	46.89	45.54	77.10	52.56	105.31
2/23/2015	55.89	65.09	64.27	79.26	65.03	33.86	66.03	46.47	45.13	77.10	52.54	105.22
2/20/2015	55.24	64.61	63.75	78.71	63.66	34.05	65.77	46.14	44.75	76.51	51.93	104.83
2/19/2015	55.20	64.55	64.80	79.17	63.96	33.92	65.83	46.19	44.76	76.04	51.47	104.66
2/18/2015	54.53	65.04	65.41	80.97	64.89	33.89	66.67	46.84	45.68	76.74	52.21	105.72
2/17/2015	52.78	63.42	63.82	79.39	62.99	33.33	64.97	45.54	44.43	75.17	51.01	102.67
2/13/2015	53.65	63.57	63.92	79.84	62.49	33.34	65.13	45.88	44.75	74.90	50.96	102.87
2/12/2015	54.82	64.46	64.96	81.06	64.37	33.75	66.94	46.56	45.34	76.50	52.27	104.58
2/11/2015	54.31	64.66	65.29	81.85	64.24	33.25	67.02	47.43	45.16	75.99	51.76	104.30
2/10/2015	54.82	66.08	66.34	83.38	65.56	33.78	67.60	48.15	46.06	78.11	53.37	107.05
2/9/2015	54.08	64.64	65.39	81.92	63.68	33.34	66.50	47.27	45.45	76.65	52.20	103.76
2/6/2015	54.84	65.78	66.11	82.33	63.94	33.64	66.79	47.64	46.01	77.53	53.01	105.03
2/5/2015	56.95	68.81	68.13	85.90	67.28	35.07	69.82	49.17	48.07	80.61	55.58	108.91
2/4/2015	56.42	68.11	67.55	85.17	67.05	34.92	69.80	48.92	47.57	79.84	54.88	108.65
2/3/2015	57.07	69.11	68.31	85.96	67.46	35.55	70.46	50.24	48.29	80.56	55.52	109.44
2/2/2015	56.56	68.93	68.77	86.18	67.83	35.43	70.25	50.22	48.02	80.81	55.78	109.27

Stock Price Data in Date Order for Yield Calculation/Raw Price Data

1/30/2015	56.13	68.61	68.59	86.32	67.69	35.18	70.18	50.16	47.53	80.39	55.33	108.45
1/29/2015	57.83	70.32	70.69	88.52	68.59	35.97	71.44	52.21	48.63	82.40	57.02	110.85
1/28/2015	57.81	69.20	70.15	87.02	67.17	35.85	70.72	51.60	47.70	81.55	56.34	109.12
1/27/2015	58.65	69.47	70.18	87.88	67.91	36.20	71.49	51.85	48.38	81.85	56.64	110.41
1/26/2015	58.25	69.62	69.71	87.71	67.88	35.86	71.61	51.66	48.62	81.84	56.57	108.95
1/23/2015	57.70	69.65	69.67	87.88	67.93	35.70	71.66	51.66	48.61	81.61	56.50	108.69
1/22/2015	57.49	69.50	69.36	87.79	67.72	35.69	71.87	51.56	48.55	81.15	56.17	108.75
1/21/2015	56.91	69.52	69.75	87.84	68.00	35.48	71.86	51.44	48.64	81.26	56.01	109.09
1/20/2015	56.83	69.02	69.30	86.86	67.71	35.10	71.36	51.09	48.47	80.38	55.32	108.14
1/16/2015	56.89	69.05	68.42	86.53	67.54	35.03	70.82	50.79	48.91	79.89	55.42	107.43
1/15/2015	56.19	67.78	67.69	85.94	67.40	34.40	70.01	50.24	48.08	78.87	54.62	106.26
1/14/2015	56.31	67.62	66.82	84.88	67.07	33.97	69.39	49.64	47.88	78.33	53.93	106.67
1/13/2015	55.46	66.40	66.11	84.66	66.05	33.89	68.65	49.14	46.96	77.05	53.30	106.01
1/12/2015	54.75	65.95	66.24	84.21	66.43	34.01	68.50	49.17	46.71	76.82	53.04	105.60
1/9/2015	55.10	66.13	66.46	84.13	66.93	34.43	68.51	49.16	46.91	77.35	53.20	105.87
1/8/2015	56.09	67.08	66.81	84.01	66.62	35.40	69.54	49.79	47.09	78.03	53.50	106.81
1/7/2015	55.01	66.04	66.40	83.67	66.25	34.95	69.42	49.75	46.17	77.65	52.91	106.16
1/6/2015	53.99	64.97	65.43	83.40	65.16	34.46	67.84	49.21	45.12	76.66	52.27	105.20
1/5/2015	54.04	65.17	65.06	82.06	64.91	34.95	67.61	48.62	45.15	76.42	52.13	104.79
1/2/2015	54.91	65.98	65.68	83.26	65.07	35.37	68.07	48.83	45.84	77.48	52.77	105.92
12/31/2014	54.64	65.90	65.36	82.75	65.04	35.22	67.74	48.57	45.85	77.17	52.33	105.52
12/30/2014	55.85	67.18	66.25	83.90	66.48	35.57	68.82	49.23	46.73	78.49	53.29	107.05
12/29/2014	57.42	68.78	67.82	86.01	67.81	36.41	70.04	50.32	47.73	79.92	54.80	109.70
12/26/2014	55.99	67.61	67.09	85.00	66.67	35.62	69.43	49.92	46.12	79.13	54.12	108.50
12/24/2014	55.30	66.88	66.25	84.17	65.89	35.19	69.01	49.36	45.59	77.62	53.14	107.20
12/23/2014	54.70	65.79	65.36	82.89	64.50	34.81	67.61	48.63	44.39	76.12	52.07	105.55
12/22/2014	54.72	65.58	65.29	82.82	64.40	34.74	67.42	48.82	44.21	76.53	51.88	105.17
12/19/2014	54.46	64.96	65.04	82.07	63.97	34.56	66.83	48.48	44.18	75.91	51.91	105.10
12/18/2014	54.06	64.94	64.91	82.23	63.95	34.77	66.73	48.46	44.83	76.01	51.56	104.68
12/17/2014	53.06	63.66	64.14	80.60	63.07	34.09	65.44	47.77	43.78	75.02	50.79	102.37
12/16/2014	51.61	62.27	63.50	79.86	62.37	33.15	63.92	47.24	43.06	74.26	49.85	100.35
12/15/2014	51.49	62.17	63.42	80.37	62.40	32.98	64.00	47.33	43.13	73.69	49.75	99.93
12/12/2014	51.64	62.90	63.47	81.91	63.18	34.07	64.95	47.40	43.64	73.61	49.98	100.08
12/11/2014	52.07	63.80	63.79	82.11	63.60	34.59	65.32	47.87	44.52	75.18	50.84	101.74
12/10/2014	51.80	63.26	62.79	81.47	63.41	34.57	64.73	47.40	44.04	74.92	50.52	100.70
12/9/2014	52.73	64.12	63.42	81.40	63.92	35.56	65.44	47.61	45.09	75.37	50.55	103.83
12/8/2014	52.00	63.97	63.28	80.86	63.80	35.32	65.67	47.52	44.63	74.89	50.47	102.92
12/5/2014	51.72	63.25	62.63	79.97	62.81	35.27	65.35	47.02	44.58	74.22	49.75	102.18
12/4/2014	51.84	63.73	63.44	81.57	63.58	35.16	65.31	47.39	44.80	74.48	49.91	102.74
12/3/2014	51.71	63.47	63.30	81.20	63.39	35.35	64.78	47.38	44.53	73.59	49.54	103.63
12/2/2014	51.31	63.23	63.54	81.56	63.44	35.36	64.30	47.39	44.46	73.36	49.45	104.35
12/1/2014	50.47	62.95	63.20	81.23	62.78	34.88	63.07	47.17	43.88	72.93	49.29	104.05

6 month Stock Prices Reordered Low to High 12/1/2014 to 5/31/2015

										Elim Merger/Aqu.		
Date	ALE	LNT	ED	DUK	EIX	OGE	PNW	SO	VVC	TEG	WEC	NEE
5/29/2015	48.06	59.47	59.60	74.44	58.84	31.21	58.60	42.84	41.04	69.93	46.84	99.15
5/28/2015	48.32	59.90	60.18	75.46	59.52	31.23	59.38	42.93	41.38	70.66	47.23	99.25
5/27/2015	48.33	60.09	60.43	75.49	59.60	31.24	59.40	43.04	41.65	70.66	47.31	99.27
5/26/2015	48.36	60.19	60.45	75.51	59.75	31.45	59.48	43.18	41.69	70.81	47.38	99.39
5/22/2015	48.36	60.26	60.45	75.61	60.14	31.50	59.53	43.23	41.87	70.94	47.47	99.44
5/21/2015	48.43	60.27	60.48	75.73	60.27	31.53	59.62	43.30	41.91	71.23	47.55	99.83
5/20/2015	48.60	60.29	60.59	75.76	60.37	31.60	59.74	43.38	41.95	71.26	47.55	100.26
5/19/2015	48.65	60.44	60.82	75.77	60.44	31.72	59.86	43.51	41.97	71.41	47.67	100.31
5/18/2015	48.74	60.68	60.86	75.95	60.46	31.72	59.96	43.53	42.00	71.56	48.00	100.44
5/15/2015	48.96	61.00	61.01	76.01	60.58	31.81	60.48	43.60	42.26	71.85	48.23	100.83
5/14/2015	49.02	61.01	61.05	76.03	60.67	31.82	60.56	43.65	42.36	71.91	48.24	101.10
5/13/2015	49.08	61.21	61.07	76.05	60.74	31.83	60.57	43.67	42.42	71.94	48.26	101.36
5/12/2015	49.25	61.23	61.14	76.15	60.77	31.96	60.78	43.67	42.55	71.99	48.28	101.38
5/11/2015	49.42	61.26	61.14	76.16	60.78	31.96	60.92	43.68	42.55	72.25	48.30	101.45
5/8/2015	49.59	61.26	61.34	76.19	60.81	31.99	60.96	43.69	42.57	72.46	48.33	101.52
5/7/2015	49.59	61.30	61.37	76.21	60.81	32.00	60.98	43.72	42.57	72.55	48.34	101.73
5/6/2015	49.64	61.33	61.38	76.31	60.83	32.01	61.08	43.72	42.77	72.83	48.70	101.74
5/5/2015	49.85	61.40	61.44	76.54	61.05	32.04	61.09	43.73	42.85	72.94	48.73	101.98
5/4/2015	50.13	61.46	61.81	77.09	61.54	32.37	61.15	44.26	42.86	72.96	49.16	102.27
5/1/2015	50.35	61.87	61.84	77.15	61.92	32.60	61.18	44.42	43.16	73.33	49.41	102.34
High	50.35	61.87	61.84	77.15	61.92	32.60	61.18	44.42	43.16	73.33	49.41	102.34
Low	48.06	59.47	59.60	74.44	58.84	31.21	58.60	42.84	41.04	69.93	46.84	99.15
Average H_L	49.21	60.67	60.72	75.79	60.38	31.91	59.89	43.63	42.10	71.63	48.12	100.74
Div	2.02	2.20	2.60	3.18	1.67	1.00	2.38	2.17	1.52			
Yield	4.11	3.63	4.28	4.20	2.77	3.13	3.97	4.97	3.61			

6 month Stock Prices Reordered Low to High 12/1/2014 to 5/312015

Date	ALE	LNT	ED	DUK	EIX	OGE	PNW	SO	VVC	TEG	WEC	NEE
4/30/2015	50.30	61.60	60.26	76.83	60.01	31.58	61.20	44.11	43.17	71.68	49.05	100.93
4/29/2015	50.65	61.82	60.46	76.97	60.44	31.62	62.02	44.11	43.50	72.07	49.12	102.70
4/28/2015	50.87	62.26	60.59	77.01	60.50	31.62	62.06	44.20	43.63	72.26	49.36	103.15
4/27/2015	50.94	62.19	60.60	77.23	60.94	31.66	62.09	44.20	43.70	72.26	49.43	103.29
4/24/2015	51.08	62.05	60.76	77.30	61.01	31.76	62.12	44.26	43.83	72.28	49.45	103.40
4/23/2015	51.15	60.47	60.82	77.31	61.07	31.95	62.22	44.30	43.84	72.37	49.54	103.75
4/22/2015	51.15	61.76	60.86	77.31	61.58	32.06	62.30	44.32	43.84	72.44	49.54	103.76
4/21/2015	51.27	61.97	60.91	77.57	61.65	32.07	62.31	44.34	43.94	72.57	49.65	103.82
4/20/2015	51.38	62.45	60.94	77.59	61.66	32.09	62.38	44.35	43.94	72.66	49.70	104.01
4/17/2015	51.44	62.05	60.95	77.65	61.68	32.21	62.44	44.42	43.99	72.67	49.78	104.04
4/16/2015	51.49	61.96	61.15	77.84	62.01	32.21	62.52	44.47	44.04	72.71	49.79	104.10
4/15/2015	51.54	62.20	61.47	78.02	62.49	32.32	62.60	44.48	44.05	73.03	49.90	104.18
4/14/2015	51.57	62.58	61.55	78.07	62.81	32.41	62.74	44.62	44.15	73.05	49.93	104.28
4/13/2015	51.59	62.30	61.55	78.24	62.93	32.42	62.80	44.62	44.23	73.10	50.17	104.29
4/10/2015	51.66	62.35	61.64	78.30	62.99	32.43	62.82	44.64	44.30	73.23	50.21	104.36
4/9/2015	51.83	61.76	61.69	78.37	63.04	32.45	62.85	44.65	44.32	73.44	50.23	104.50
4/8/2015	51.86	62.22	61.80	78.43	63.37	32.48	63.06	44.66	44.35	73.59	50.28	104.75
4/7/2015	51.86	62.32	62.08	78.61	63.71	32.67	63.15	44.69	44.48	73.82	50.33	104.76
4/6/2015	52.36	62.52	62.10	78.86	63.73	32.68	63.18	44.76	44.59	73.83	50.34	105.05
4/2/2015	52.68	62.77	62.27	78.97	63.79	32.81	63.43	44.87	44.89	74.14	50.66	105.54
4/1/2015	52.79	63.09	62.50	79.41	64.24	32.86	63.81	44.92	44.94	74.45	51.11	104.90
High	52.79	63.09	62.50	79.41	64.24	32.86	63.81	44.92	44.94	74.45	51.11	104.90
Low	50.30	61.60	60.26	76.83	60.01	31.58	61.20	44.11	43.17	71.68	49.05	100.93
Average H_L	51.55	62.34	61.38	78.12	62.13	32.22	62.50	44.52	44.06	73.07	50.08	102.92
Div	2.02	2.20	2.60	3.18	1.67	1.00	2.38	2.10	1.52			
Yield	3.92	3.53	4.24	4.07	2.69	3.10	3.81	4.72	3.45			

6 month Stock Prices Reordered Low to High 12/1/2014 to 5/31/2015

Date	ALE	LNT	ED	DUK	EIX	OGE	PNW	SO	VVC	TEG	WEC	NEE
3/31/2015	51.64	60.25	58.80	74.28	60.91	31.19	61.80	43.72	42.67	70.58	47.82	97.98
3/30/2015	51.90	60.31	59.72	74.35	61.38	31.24	61.97	43.76	42.70	71.23	48.21	97.99
3/27/2015	52.12	60.52	59.80	74.61	61.58	31.31	62.08	43.93	42.71	71.29	48.35	98.70
3/26/2015	52.14	60.67	59.98	74.70	61.65	31.38	62.10	43.95	42.79	71.30	48.40	98.93
3/25/2015	52.19	60.70	60.08	74.76	61.81	31.43	62.26	44.01	42.91	71.53	48.56	100.52
3/24/2015	52.40	61.15	60.42	74.96	62.16	31.49	62.56	44.01	43.06	71.57	48.62	100.61
3/23/2015	52.59	61.30	60.58	74.96	62.18	31.50	62.86	44.03	43.38	71.83	48.70	101.39
3/20/2015	52.67	61.64	60.79	75.00	62.41	31.50	63.00	44.09	43.41	71.95	48.87	101.54
3/19/2015	52.76	61.69	60.84	75.08	62.47	31.52	63.05	44.28	43.49	72.02	49.06	101.94
3/18/2015	52.76	61.79	60.84	75.28	62.63	31.61	63.05	44.32	43.76	72.04	49.09	102.13
3/17/2015	52.80	62.02	60.88	75.71	62.71	31.66	63.07	44.33	43.88	72.10	49.45	102.72
3/16/2015	52.96	62.09	61.00	75.90	63.02	31.67	63.25	44.46	43.96	72.13	49.50	102.97
3/13/2015	53.02	62.20	61.17	76.01	63.04	31.72	63.33	44.52	43.99	72.46	49.62	103.28
3/12/2015	53.02	62.41	61.40	76.06	63.09	31.76	63.53	44.63	44.00	72.55	49.63	103.42
3/11/2015	53.14	62.54	61.47	76.40	63.29	31.80	63.56	44.66	44.11	73.02	49.73	103.54
3/10/2015	53.23	62.58	61.53	76.67	63.31	31.85	63.75	44.83	44.14	73.43	49.92	104.05
3/9/2015	53.39	62.64	61.72	76.78	63.39	31.91	63.80	44.87	44.21	73.49	49.94	104.74
3/6/2015	53.40	62.72	61.82	76.80	63.73	32.22	63.90	44.97	44.26	73.67	50.11	104.84
3/5/2015	53.47	63.00	61.87	77.06	63.74	32.29	63.99	45.02	44.36	73.73	50.17	105.48
3/4/2015	53.61	63.02	62.09	77.08	63.79	32.29	64.73	45.14	44.60	73.90	50.19	105.74
3/3/2015	53.65	63.43	62.17	77.51	64.38	32.42	64.82	45.15	44.62	74.01	50.48	105.99
3/2/2015	53.90	63.58	62.32	77.58	65.05	32.45	64.87	45.17	44.77	74.33	50.67	106.90
High	53.90	63.58	62.32	77.58	65.05	32.45	64.87	45.17	44.77	74.33	50.67	106.90
Low	51.64	60.25	58.80	74.28	60.91	31.19	61.80	43.72	42.67	70.58	47.82	97.98
Avg H-L	52.77	61.92	60.56	75.93	62.98	31.82	63.34	44.45	43.72	72.46	49.25	102.44
Div	2.02	2.20	2.60	3.18	1.67	1.00	2.38	2.10	1.52			
Yield	3.83	3.55	4.29	4.19	2.65	3.14	3.76	4.72	3.48			

6 month Stock Prices Reordered Low to High 12/1/2014 to 5/31/2015

Date	ALE	LNT	ED	DUK	EIX	OGE	PNW	SO	VVC	TEG	WEC	NEE
2/27/2015	52.78	63.42	63.06	78.55	62.49	32.51	64.08	45.54	44.43	74.59	50.79	102.67
2/26/2015	53.65	63.57	63.14	78.56	62.99	32.73	64.40	45.76	44.63	74.73	50.96	102.87
2/25/2015	54.08	63.60	63.75	78.71	63.66	33.25	64.82	45.79	44.65	74.90	50.98	103.46
2/24/2015	54.31	63.71	63.79	79.01	63.67	33.33	64.97	45.88	44.75	75.17	51.01	103.48
2/23/2015	54.53	64.37	63.82	79.17	63.68	33.34	65.13	45.92	44.75	75.56	51.47	103.76
2/20/2015	54.73	64.46	63.92	79.26	63.82	33.34	65.77	46.14	44.76	75.99	51.57	103.78
2/19/2015	54.82	64.55	64.27	79.39	63.94	33.64	65.83	46.19	44.81	76.04	51.76	104.30
2/18/2015	54.82	64.61	64.80	79.84	63.96	33.75	66.03	46.47	45.13	76.50	51.93	104.58
2/17/2015	54.84	64.64	64.96	79.85	64.24	33.78	66.06	46.56	45.16	76.51	52.20	104.66
2/13/2015	54.84	64.66	65.26	80.97	64.37	33.81	66.50	46.84	45.34	76.65	52.21	104.83
2/12/2015	54.95	65.04	65.29	81.06	64.46	33.86	66.67	46.89	45.45	76.74	52.27	105.03
2/11/2015	55.20	65.09	65.39	81.85	64.89	33.89	66.79	47.27	45.54	77.10	52.54	105.22
2/10/2015	55.24	65.51	65.41	81.92	65.03	33.92	66.94	47.43	45.68	77.10	52.56	105.31
2/9/2015	55.89	65.78	66.11	82.33	65.20	34.05	67.02	47.64	46.01	77.53	53.01	105.72
2/6/2015	56.10	66.08	66.34	83.38	65.56	34.08	67.60	48.15	46.06	78.11	53.37	107.05
2/5/2015	56.42	68.11	67.55	85.17	67.05	34.92	69.80	48.92	47.57	79.84	54.88	108.65
2/4/2015	56.56	68.81	68.13	85.90	67.28	35.07	69.82	49.17	48.02	80.56	55.52	108.91
2/3/2015	56.95	68.93	68.31	85.96	67.46	35.43	70.25	50.22	48.07	80.61	55.58	109.27
2/2/2015	57.07	69.11	68.77	86.18	67.83	35.55	70.46	50.24	48.29	80.81	55.78	109.44
High	57.07	69.11	68.77	86.18	67.83	35.55	70.46	50.24	48.29	80.81	55.78	109.44
Low	52.78	63.42	63.06	78.55	62.49	32.51	64.08	45.54	44.43	74.59	50.79	102.67
Avg H-L	54.93	66.27	65.92	82.37	65.16	34.03	67.27	47.89	46.36	77.70	53.29	106.06
Div	2.02	2.20	2.60	3.18	1.67	1.00	2.38	2.10	1.52			
Yield	3.68	3.32	3.94	3.86	2.56	2.94	3.54	4.39	3.28			

6 month Prices Reordered Low to High 12/1/2014 to 5/31/2015

Date	ALE	LNT	ED	DUK	EIX	OGE	PNW	SO	VVC	TEG	WEC	NEE
1/30/2015	53.99	64.97	65.06	82.06	64.91	33.89	67.61	48.62	45.12	76.42	52.13	104.79
1/29/2015	54.04	65.17	65.43	83.26	65.07	33.97	67.84	48.83	45.15	76.66	52.27	105.20
1/28/2015	54.75	65.95	65.68	83.40	65.16	34.01	68.07	49.14	45.84	76.82	52.77	105.60
1/27/2015	55.01	65.98	66.11	83.67	66.05	34.40	68.50	49.16	46.17	77.05	52.91	105.87
1/26/2015	55.10	66.04	66.24	84.01	66.25	34.43	68.51	49.17	46.71	77.35	53.04	105.92
1/23/2015	55.46	66.13	66.40	84.13	66.43	34.46	68.65	49.21	46.91	77.48	53.20	106.01
1/22/2015	56.09	66.40	66.46	84.21	66.62	34.95	69.39	49.64	46.96	77.65	53.30	106.16
1/21/2015	56.13	67.08	66.81	84.66	66.93	34.95	69.42	49.75	47.09	78.03	53.50	106.26
1/20/2015	56.19	67.62	66.82	84.88	67.07	35.03	69.54	49.79	47.53	78.33	53.93	106.67
1/16/2015	56.31	67.78	67.69	85.94	67.17	35.10	70.01	50.16	47.70	78.87	54.62	106.81
1/15/2015	56.83	68.61	68.42	86.32	67.40	35.18	70.18	50.24	47.88	79.89	55.32	107.43
1/14/2015	56.89	69.02	68.59	86.53	67.54	35.37	70.72	50.79	48.08	80.38	55.33	108.14
1/13/2015	56.91	69.05	69.30	86.86	67.69	35.40	70.82	51.09	48.38	80.39	55.42	108.45
1/12/2015	57.49	69.20	69.36	87.02	67.71	35.48	71.36	51.44	48.47	81.15	56.01	108.69
1/9/2015	57.70	69.47	69.67	87.71	67.72	35.69	71.44	51.56	48.55	81.26	56.17	108.75
1/8/2015	57.81	69.50	69.71	87.79	67.88	35.70	71.49	51.60	48.61	81.55	56.34	108.95
1/7/2015	57.83	69.52	69.75	87.84	67.91	35.85	71.61	51.66	48.62	81.61	56.50	109.09
1/6/2015	58.25	69.62	70.15	87.88	67.93	35.86	71.66	51.66	48.63	81.84	56.57	109.12
1/5/2015	58.65	69.65	70.18	87.88	68.00	35.97	71.86	51.85	48.64	81.85	56.64	110.41
1/2/2015	54.91	70.32	70.69	88.52	68.59	36.20	71.87	52.21	48.91	82.40	57.02	110.85
High	54.91	70.32	70.69	88.52	68.59	36.20	71.87	52.21	48.91	82.40	57.02	110.85
Low	53.99	64.97	65.06	82.06	64.91	33.89	67.61	48.62	45.12	76.42	52.13	104.79
Avg H-L	54.45	67.65	67.88	85.29	66.75	35.05	69.74	50.42	47.02	79.41	54.58	107.82
Div	1.96	2.05	2.52	3.18	1.67	1.00	2.38	2.10	1.52			
Yield	3.60	3.03	3.71	3.73	2.50	2.85	3.41	4.17	3.23			

6 month Stock Prices Reordered Low to high 12/1/2014 to 5/31/2015 w/Avg Yield

Date	ALE	LNT	ED	DUK	EIX	OGE	PNW	SO	VVC	TEG	WEC	NEE
12/31/2014	50.47	62.17	62.63	79.86	62.37	32.98	63.07	47.02	43.06	72.93	49.29	99.93
12/30/2014	51.31	62.27	62.79	79.97	62.40	33.15	63.92	47.17	43.13	73.36	49.45	100.08
12/29/2014	51.49	62.90	63.20	80.37	62.78	34.07	64.00	47.24	43.64	73.59	49.54	100.35
12/26/2014	51.61	62.95	63.28	80.60	62.81	34.09	64.30	47.33	43.78	73.61	49.75	100.70
12/24/2014	51.64	63.23	63.30	80.86	63.07	34.56	64.73	47.38	43.88	73.69	49.75	101.74
12/23/2014	51.71	63.25	63.42	81.20	63.18	34.57	64.78	47.39	44.04	74.22	49.85	102.18
12/22/2014	51.72	63.26	63.42	81.23	63.39	34.59	64.95	47.39	44.18	74.26	49.91	102.37
12/19/2014	51.80	63.47	63.44	81.40	63.41	34.74	65.31	47.40	44.21	74.48	49.98	102.74
12/18/2014	51.84	63.66	63.47	81.47	63.44	34.77	65.32	47.40	44.39	74.89	50.47	102.92
12/17/2014	52.00	63.73	63.50	81.56	63.58	34.81	65.35	47.52	44.46	74.92	50.52	103.63
12/16/2014	52.07	63.80	63.54	81.57	63.60	34.88	65.44	47.61	44.52	75.02	50.55	103.83
12/15/2014	52.73	63.97	63.79	81.91	63.80	35.16	65.44	47.77	44.53	75.18	50.79	104.05
12/12/2014	53.06	64.12	64.14	82.07	63.92	35.19	65.67	47.87	44.58	75.37	50.84	104.35
12/11/2014	54.06	64.94	64.91	82.11	63.95	35.22	66.73	48.46	44.63	75.91	51.56	104.68
12/10/2014	54.46	64.96	65.04	82.23	63.97	35.27	66.83	48.48	44.80	76.01	51.88	105.10
12/9/2014	54.64	65.58	65.29	82.75	64.40	35.32	67.42	48.57	44.83	76.12	51.91	105.17
12/8/2014	54.70	65.79	65.36	82.82	64.50	35.35	67.61	48.63	45.09	76.53	52.07	105.52
12/5/2014	54.72	65.90	65.36	82.89	65.04	35.36	67.74	48.82	45.59	77.17	52.33	105.55
12/4/2014	55.30	66.88	66.25	83.90	65.89	35.56	68.82	49.23	45.85	77.62	53.14	107.05
12/3/2014	55.85	67.18	66.25	84.17	66.48	35.57	69.01	49.36	46.12	78.49	53.29	107.20
12/2/2014	55.99	67.61	67.09	85.00	66.67	35.62	69.43	49.92	46.73	79.13	54.12	108.50
12/1/2014	57.42	68.78	67.82	86.01	67.81	36.41	70.04	50.32	47.73	79.92	54.80	109.70
High	57.42	68.78	67.82	86.01	67.81	36.41	70.04	50.32	47.73	79.92	54.80	109.70
Low	50.47	62.17	62.63	79.86	62.37	32.98	63.07	47.02	43.06	72.93	49.29	99.93
Avg H-L	53.95	65.48	65.23	82.94	65.09	34.70	66.56	48.67	45.40	76.43	52.05	104.82
Div	1.96	2.05	2.52	3.18	1.67	1.00	2.38	2.10	1.52			
Yield	3.63	3.13	3.86	3.83	2.57	2.88	3.58	4.31	3.35			
Average 6 month yield	**3.79**	**3.36**	**4.06**	**3.98**	**2.62**	**3.01**	**3.68**	**4.55**	**3.40**			