INDIVIDUAL SAMPLE COMPANY GROWTH RATE ANALYSES

ELECTRIC UTILITIES

SO – Southern Company - SO's sustainable growth rate has averaged 3.28% over the most recent five year period (2008-2012). However, VL expects SO's sustainable growth to increase slightly from that historical growth rate level to reach 3.46% by the 2016-2018 period. SO's book value growth rate is expected to be 4.5% over the next five years, down from the 5.5% rate of growth experienced over the past five years. SO's earnings per share are projected to increase at a 4.5% (Value Line) to 4.76% (Zack's) to 4.84% (IBES) rate. SO's dividends are expected to show 4% growth over the next five years, equal to historical dividend growth. Over the past five years, SO's earnings grew at a 3% rate, according to Value Line. Investors can reasonably expect a sustainable growth rate in the future of **4.25%** for SO.

Regarding share growth, SO's shares outstanding grew at a 2.8% rate over the past five years due mainly to an equity issuance in 2008. The number of shares is projected by VL to show a 0.84% rate of increase through the 2016-18 period, to correspond with a building program. An expectation of share growth of **1.5%** for this company is reasonable.

ALE – ALLETE – ALE's sustainable growth rate has averaged 2.21% over the most recent five-year period, with higher growth in the two most recent years. VL expects ALE's sustainable growth to increase to 3.93% through the 2016-18 period. Also, ALE's book value growth rate is expected to be 4.0% over the next five years, below the 5.5% rate of growth experienced over the past five years indicating lower growth in the future. Projected book value growth (4%) is, however, similar to internal growth projections. Also, ALE's earnings per share are projected to increase 7% according to Value Line (6% IBES and 6.5% Zacks). Value Line also projects a 3.5% growth in dividends, which is below the sustainable growth indications and would indicate lower long-term growth rate expectations. The dividend growth projections are also lower than the historical dividend growth (4.5%). In this instance projected sustainable growth and projected book value growth indicate moderate growth while earnings growth rates are higher. Investors can reasonably expect a sustainable growth rate in the future, of **4.5%** for ALE.

Regarding share growth, ALE's shares outstanding increased at a 4.85% rate over the past five years due. The number of shares is expected to grow at a 2.7% rate through 2016-18. An expectation of share growth of **3%** for this company is reasonable.

LNT – Alliant Energy- LNT's sustainable growth rate has averaged 3.53% over the most recent five-year period, with an upward trend showing higher growth in the last three years. Value Line expects LNT's sustainable growth to rise to 4.6% through the 2016-2018 period. LNT's book value growth rate is expected to be 4% over the next five years, below sustainable growth projections, but marginally greater than historical book value growth (3.5%). Also, LNT's earnings per share are projected to increase at a rate of from 5% (Value Line), to 5.87% (IBES), to 5.68% (Zack's). Value Line's projected dividend growth is 4.5%. Investors can reasonably expect sustainable growth over the long term similar to historical the average — **4.5%** for LNT is reasonable.

Regarding share growth, LNT's shares outstanding increased at a 0.12% rate over the past five years. The number of shares is expected to increase at a 0.89% rate through 2016-18. An expectation of share growth of **0.5%** for this company is reasonable.

AEP- American Electric Power- AEP's sustainable growth rate has averaged 4.12% over the most recent five-year period. VL expects AEP's sustainable growth to continue at a level of 3.87% by the 2016-2018 period. AEP's book value growth rate is expected to increase at a 4.0% rate over the next five years, slightly below the 4.5% book value growth over the past five years. Both sustainable growth and book value growth point to somewhat slower growth for this company. AEP's earnings per share are projected to increase at 4.5% (VL), to 3.64% (IBES) and 3.38% (Zack's)—all approximating the indicated projected internal growth rate. Also, AEP's dividends are expected to grow at 4.0%. Value Line's average projected earnings, dividends and book value for this company is 4.17%. Investors can reasonably expect a sustainable growth rate in the future of **4.0%** for AEP.

Regarding share growth, AEP's shares outstanding increased at a 4.58% rate over the past five years, due to an equity issuance in 2009. Prior to 2009, the number of shares outstanding increased at a 1% rate, and after 2009, the number of shares increased at about a 0.5% annual rate. The number of shares outstanding in 2016-2018 is expected to show a 0.78% increase from 2011 levels. An expectation of share growth of **1.5%** for this company is reasonable.

CNL – Cleco Corp. - CNL's sustainable growth rate averaged 5.44% for the five-year period, with the results in the most recent two years above that average, indicating an increasing trend. VL expects sustainable growth to moderate to a 4.71% level through the 2016-18 period. CNL's book value growth is expected to increase at a 5.5% rate, well below the historical level of 9%, established during the building of a new generating plant; but that projected growth is still above sustainable growth indications. CNL's earnings per share are projected to show 5.5% growth over the next five years, according to Value Line (IBES and Zacks project 8% earnings growth). Historically CNL's earnings increased at a 10%

rate, according to Value Line. CNL's dividend growth, which was 4.5% over the past five years is expected to expand to 10.5% over the next three- to five-year period as management expects to increase the payout ratio. The sustainable growth data indicate that future growth will be similar to prior growth rate averages, but at lower overall levels than indicated by Value Line's earnings growth projections, and would moderate future growth expectations somewhat. Investors can reasonably expect sustainable growth from CNL to be above past averages, a sustainable internal growth rate of **6.0%** is reasonable for this company.

Regarding share growth, CNL's shares outstanding grew at a 0.13% rate over the past five years. The growth in the number of shares is expected by VL to be 0.05% through 2016-18. An expectation of share growth of **0.25%** for this company is conservative.

ETR – Entergy Corp. - ETR's internal sustainable growth rate has averaged 7.31% over the most recent five-year period (2008-2012). Sustainable growth is expected to decline to about 3.63% by the 2016-2018 period. Also, ETR's book value growth rate is expected to be 3% over the next five years—a decrease from the 5% rate of growth experienced over the past five years—pointing to lower growth expectations for the future. ETR's earnings per share growth is projected to be -3.5% (VL), and 0% (IBES). ETR's dividends are expected to grow at a 0.5% rate, down from an historical rate of 7.5%-- a substantial decline, moderating long-term growth expectations. Over the past five years, ETR's earnings grew at an 5.5% rate according to Value Line. These data indicate that investors can reasonably expect a sustainable growth rate in the future to be below past averages. Therefore, **4.0%** is a reasonable long-term growth expectation for ETR.

Regarding share growth, ETR's shares outstanding grew at a –1.56% rate over the past five years. The number of shares outstanding is projected by VL to decrease at a -0.66% rate through 2016-18. An expectation of share growth of **0%** for this company is reasonable.

WR – Westar Energy, Inc.- WR's sustainable growth rate has averaged 1.91% over the most recent five-year period, with higher growth in recent years. Value Line expects WR's sustainable growth to increase substantially to 4.25% by the 2016-2018 period. However, WR's book value growth rate is expected to be 5.0% over the next five years, up slightly from the 4.5% rate of growth experienced over the past five years, and above sustainable growth projections. Also, WR's earnings per share are projected to increase at a rate of from 6% (Value Line), to 4.8% (IBES), to 5.1% (Zack's). Over the past five years, WR's earnings growth was 1.5% according to Value Line. Historically, dividends grew at a 5% rate, but Value Line expects that rate to decline to 3.0% over the next five years. The average earnings dividends and book value growth for WR, as published by Value Line is 4.67%. Investors can reasonably expect a higher sustainable growth over the long term — **4.5%** for WR is reasonable.

Regarding share growth, WR's shares outstanding increased at about a 3.96% rate over the past five years, due to an equity issuance in 2011. The number of shares is expected to increase at a 1.31% rate through 2016-18. An expectation of share growth of **2.0%** for this company is reasonable.

WEC – Wisconsin Energy – WEC's sustainable growth rate has averaged 6.64% over the most recent five-year period, with similar growth in the most recent year. VL expects WEC's sustainable growth to decline to 4.67% through the 2016-18 period. Also, WEC's book value growth rate is expected to be 3.5% over the next five years, well below the 7% rate of growth experienced over the past five years indicating lower growth in the future. Projected book value growth (3.5%) is also below internal growth projections. WEC's earnings per share are projected to increase at 5.5% according to Value Line (5.55% IBES and 5.2%, Zacks). Value Line also projects a 12% growth in dividends, which is well above the sustainable growth indications and would confirm higher long-term growth rate expectations but is the result of declining retention ratio and would not be sustainable over the long-term. In this instance projected sustainable growth and projected book value growth indicate moderate growth while earnings growth rates are higher. Investors can reasonably expect a sustainable growth rate in the future, of **5.25%** for WEC.

Regarding share growth, WEC's shares outstanding increased at a -0.52% rate over the past five years. The number of shares is expected to grow at a -0.05% rate through 2016-18. An expectation of share growth of **0%** for this company is reasonable.

EIX – Edison International - EIX's sustainable growth rate has averaged 7.85% over the most recent five-year period, with an upward trend showing higher growth in the last year. Value Line expects EIX's sustainable growth to decline to 6.34% through the 2016-2018 period. EIX's book value growth rate is expected to be 4.5% over the next five years, below sustainable growth projections, and below to historical book value growth (5.5%). Also, EIX's earnings per share are projected to increase at a rate of from 2.5% (Value Line), to -2% (IBES), to 4.82% (Zack's). Value Line's projected dividend growth is 5.5%. Investors can reasonably expect sustainable growth over the long term similar to historical the average — **6.0%** for EIX is reasonable.

Regarding share growth, EIX's shares outstanding increased at a 0% rate over the past five years. The number of shares is expected to increase at a 0% rate through 2016-18. An expectation of share growth of **0%** for this company is reasonable.

IDA – IDACORP- IDA's sustainable growth rate has averaged 5.20% over the most recent five-year period, with an upward trend showing higher growth in the last year. Value Line expects IDA's sustainable growth to decline to 4.08% through the 2016-2018 period. IDA's book value growth rate is expected to be 4.5% over the next five years, near sustainable growth projections, and less than historical book value growth (5.5%). Also, IDA's earnings per share are projected to increase at a rate of from 2.0% (Value Line), to 4.0% (IBES & Zack's). Value Line's projected dividend growth is 7.0%, substantially higher than the company's historical dividndd. Investors can reasonably expect sustainable growth over the long term similar to historical the average — **4.5%** for IDA is reasonable.

Regarding share growth, IDA's shares outstanding increased at a 1.68 % rate over the past five years. The number of shares is expected to increase at a 0.33% rate through 2016-18. An expectation of share growth of **0.75%** for this company is reasonable.

NWNE – Northwestern Corp- NWNE's sustainable growth rate has averaged 3.32% over the most recent five-year period. Value Line expects NWNE's sustainable growth to remain steady and reach 3.28% through the 2016-2018 period. NWNE's book value growth rate is expected to be 4.5% over the next five years, above sustainable growth projections, and also above historical book value growth (2.5%), which would point to increasing growht. Also, NWNE's earnings per share are projected to increase at a rate of from 3.0% (Value Line), to 5.0% (IBES & Zack's). Value Line's projected dividend growth is 4.0%, equal to historical dividend growth. Investors can reasonably expect sustainable growth over the long term similar to historical the average — **4.0%** for NWNE is reasonable.

Regarding share growth, NWNE's shares outstanding increased at a 0.89% rate over the past five years. The number of shares is expected to increase at a 0.94% rate through 2016-18. An expectation of share growth of **1%** for this company is reasonable.

PCG – PGE Corporation – PCG's sustainable growth rate has averaged 3.78% over the most recent five-year period, with a declining growth rate. After a couple of low-growth years due to the financial costs related to a pipeline explosion, VL expects PCG's sustainable growth to reach 3.18% through the 2016-18 period, showing moderating growth. PCG's book value growth rate is expected to be 3.0% over the next five years, down from the 6.0% rate of growth experienced over the past five years indicating moderating growth in the future. Projected book value growth is, also, similar to sustainable internal growth projections. Also, PCG's earnings per share are projected to increase at 4.0% according to Value Line (3.12% IBES and 3.8% Zacks). Value Line also projects a 2.5% growth in dividends, which is well below historical growth of 6.5%. Investors can reasonably expect a stable sustainable growth rate in the future of **3.5%** for PCG.

Regarding share growth, PCG's shares outstanding increased at approximately a 4.5% rate over the past five years. The number of shares is expected to grow at a 1.98% rate through 2016-18. An expectation of share growth of **2.5%** for this company is reasonable.

PNW — Pinnacle West Capital Corp. - PNW's sustainable growth rate has averaged 1.97% over the most recent five-year period with higher growth in the most recent years (indicating an increasing trend). VL expects PNW's sustainable growth to rise above that historical average growth rate level to 3.88% by the 2016-2018 period. PNW's book value growth rate is expected to be 3.5% over the next five years, much greater than the 0% rate of book value growth experienced over the past five years, and pointing to higher growth in the future. PNW's earnings per share are projected to increase at a 5% (VL) to 7.25% (IBES) to 5.53% (Zack's) rate, with all projections above the indicated internal growth rate. PNW's dividends are expected to grow at a 2.0% rate, supporting more moderate long-term growth rate expectations. Over the past five years, PNW's earnings growth was 2.5% and its dividends also increased at a 2.5% rate. The average Value Line projected growth rate for this company is 3.50%. Investors can reasonably expect a sustainable growth rate in the future of **4.0%** for PNW.

Regarding share growth, PNW's shares outstanding increased at a 2.12% rate over the past five years. The number of shares outstanding in 2016-2018 is expected to show a 0.94% increase from 2012 levels. An expectation of share growth of **1.5%** for this company is reasonable.

POR – Portland General- POR's sustainable growth rate has averaged 2.76% over the most recent five-year period, with higher growth in recent years. Value Line expects POR's sustainable growth to increase to 3.38% by the 2016-2018 period. POR's book value growth rate is expected to be 3.5% over the next five years, just above sustainable growth projections, and above historical book value growth (2%). Also, POR's earnings per share are projected to increase at a rate of from 3.5% (Value Line), to 4.77% (IBES), to 5.1% (Zack's). Value Line reports historical earnings growth for this company of 4%, and "projected dividend growth of 3.5%. The average Value Line projected earnings, dividend and book value growth is 3.5%. Investors can reasonably expect a higher sustainable growth over the long term — **3.75%** for POR is reasonable.

Regarding share growth, POR's shares outstanding increased at about a 4.82% rate over the past five years, due to an equity issuance in 2009. Prior to that annual share growth was very low. The number of shares is expected to increase at a 0.31% rate through 2016-18. An expectation of share growth of **1.0%** for this company is reasonable.

XEL – Xcel Energy - XEL's sustainable growth rate has averaged 3.60% over the most recent five-year period. Value Line expects XEL's sustainable growth to increase to 4% by the 2016-2018 period. Also, XEL's book value growth rate is expected to be 4.5% over the next five years, equal to the rate of growth experienced over the past five years, and above sustainable growth projections, pointing to rising growth expectations. XEL's earnings per share are projected to increase at a rate of from 4.5% (Value Line), to 5.11% (IBES) and 4.88% (Zack's). Over the past five years, XEL's earnings growth was 5.5% according to Value Line. Historically, dividends grew at a 3% rate, but Value Line expects that rate to be 4.5% over the next five years. Average Value Line projected earnings, dividends and book value for this company is 4.5%. Investors can reasonably expect a higher sustainable growth over the long term — **4.75%** for XEL is reasonable.

Regarding share growth, XEL's shares outstanding increased at a 1.83% rate over the past five years. The number of shares is expected to increase at a 1.05% rate through 2016-18. An expectation of share growth of **1.25%** for this company is reasonable.