

Exhibit No. ___(DCP-2)
Dockets UE-072300/
UG-072301/UG-080064
Witness: David C. Parcell

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

**DOCKET UE-072300
DOCKET UG-072301
(Consolidated)**

DOCKET UG-080064

EXHIBIT TO TESTIMONY OF

DAVID C. PARCELL

ON BEHALF OF

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

*Analyses Supporting Cost of Capital Recommendations
Schedule 1 through Schedule 15*

MAY 30, 2008

**PUGET SOUND ENERGY
TOTAL COST OF CAPITAL
AS OF DECEMBER 31, 2007**

Item	Percent	Cost	Weighted Cost		
Short-Term Debt	4.93%	5.92%	0.29%		
Long-Term Debt	50.04%	6.90%	3.45%		
Preferred Stock	0.03%	8.61%	0.00%		
Common Equity	45.00%	9.50%	10.50%	4.28%	4.73%
Total	100.00%			8.02%	8.47%

Mid-Point 8.25%

ECONOMIC INDICATORS

Year	Real GDP Growth*	Industrial Production Growth	Unemployment Rate	Consumer Price Index	Producer Price Index
1975 - 1982 Cycle					
1975	-1.1%	-8.9%	8.5%	7.0%	6.6%
1976	5.4%	10.8%	7.7%	4.8%	3.7%
1977	5.5%	5.9%	7.0%	6.8%	6.9%
1978	5.0%	5.7%	6.0%	9.0%	9.2%
1979	2.8%	4.4%	5.8%	13.3%	12.8%
1980	-0.2%	-1.9%	7.0%	12.4%	11.8%
1981	1.8%	1.9%	7.5%	8.9%	7.1%
1982	-2.1%	-4.4%	9.5%	3.8%	3.6%
1983 - 1991 Cycle					
1983	4.0%	3.7%	9.5%	3.8%	0.6%
1984	6.8%	9.3%	7.5%	3.9%	1.7%
1985	3.7%	1.7%	7.2%	3.8%	1.8%
1986	3.1%	0.9%	7.0%	1.1%	-2.3%
1987	2.9%	4.9%	6.2%	4.4%	2.2%
1988	3.8%	4.5%	5.5%	4.4%	4.0%
1989	3.5%	1.8%	5.3%	4.6%	4.9%
1990	1.8%	-0.2%	5.6%	6.1%	5.7%
1991	-0.5%	-2.0%	6.8%	3.1%	-0.1%
1992 - 2001 Cycle					
1992	3.0%	3.1%	7.5%	2.9%	1.6%
1993	2.7%	3.3%	6.9%	2.7%	0.2%
1994	4.0%	5.4%	6.1%	2.7%	1.7%
1995	2.5%	4.8%	5.6%	2.5%	2.3%
1996	3.7%	4.3%	5.4%	3.3%	2.8%
1997	4.5%	7.2%	4.9%	1.7%	-1.2%
1998	4.2%	6.1%	4.5%	1.6%	0.0%
1999	4.5%	4.7%	4.2%	2.7%	2.9%
2000	3.7%	4.5%	4.0%	3.4%	3.6%
2001	0.8%	-3.5%	4.7%	1.6%	-1.6%
Current Cycle					
2002	1.6%	0.0%	5.8%	2.4%	1.2%
2003	2.5%	1.1%	6.0%	1.9%	4.0%
2004	3.6%	2.5%	5.5%	3.3%	4.2%
2005	3.1%	3.2%	5.1%	3.4%	5.4%
2006	2.9%	3.9%	4.6%	2.5%	1.1%
2007	2.2%	2.1%	4.6%	4.1%	6.3%

*GDP=Gross Domestic Product

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

ECONOMIC INDICATORS

Year	Real GDP Growth*	Industrial Production Growth	Unemployment Rate	Consumer Price Index	Producer Price Index
2002					
1st Qtr.	2.7%	-3.8%	5.6%	2.8%	4.4%
2nd Qtr.	2.2%	-1.2%	5.9%	0.9%	-2.0%
3rd Qtr.	2.4%	0.8%	5.8%	2.4%	1.2%
4th Qtr.	0.2%	1.4%	5.9%	1.6%	0.4%
2003					
1st Qtr.	1.2%	1.1%	5.8%	4.8%	5.6%
2nd Qtr.	3.5%	-0.9%	6.2%	0.0%	-0.5%
3rd Qtr.	7.5%	-0.9%	6.1%	3.2%	3.2%
4th Qtr.	2.7%	1.5%	5.9%	-0.3%	2.8%
2004					
1st Qtr.	3.0%	2.8%	5.6%	5.2%	5.2%
2nd Qtr.	3.5%	4.9%	5.6%	4.4%	4.4%
3rd Qtr.	3.6%	4.6%	5.4%	0.8%	0.8%
4th Qtr.	2.5%	4.3%	5.4%	3.6%	7.2%
2005					
1st Qtr.	3.1%	3.8%	5.3%	4.4%	5.6%
2nd Qtr.	2.8%	3.0%	5.1%	1.6%	-0.4%
3rd Qtr.	4.5%	2.7%	5.0%	8.8%	14.0%
4th Qtr.	1.2%	2.9%	4.9%	-2.0%	4.0%
2006					
1st Qtr.	4.8%	3.4%	4.7%	4.8%	-0.2%
2nd Qtr.	2.4%	4.5%	4.6%	4.8%	5.6%
3rd Qtr.	1.1%	5.2%	4.7%	0.4%	-4.4%
4th Qtr.	2.1%	3.5%	4.5%	0.0%	3.6%
2007					
1st Qtr.	0.6%	2.5%	4.5%	4.8%	6.4%
2nd Qtr.	3.8%	1.6%	4.5%	5.2%	6.8%
3rd Qtr.	4.9%	1.8%	4.6%	1.2%	1.2%
4th Qtr.	0.6%	1.7%	4.8%	5.6%	12.8%
2008					
1st Qtr.			4.9%		

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

INTEREST RATES

Year	Prime Rate	US Treas T Bills 3 Month	US Treas T Bonds 10 Year	Utility Bonds Aaa	Utility Bonds Aa	Utility Bonds A	Utility Bonds Baa
1975 - 1982 Cycle							
1975	7.86%	5.84%	7.99%	9.03%	9.44%	10.09%	10.96%
1976	6.84%	4.99%	7.61%	8.63%	8.92%	9.29%	9.82%
1977	6.83%	5.27%	7.42%	8.19%	8.43%	8.61%	9.06%
1978	9.06%	7.22%	8.41%	8.87%	9.10%	9.29%	9.62%
1979	12.67%	10.04%	9.44%	9.86%	10.22%	10.49%	10.96%
1980	15.27%	11.51%	11.46%	12.30%	13.00%	13.34%	13.95%
1981	18.89%	14.03%	13.93%	14.64%	15.30%	15.95%	16.60%
1982	14.86%	10.69%	13.00%	14.22%	14.79%	15.86%	16.45%
1983 - 1991 Cycle							
1983	10.79%	8.63%	11.10%	12.52%	12.83%	13.66%	14.20%
1984	12.04%	9.58%	12.44%	12.72%	13.66%	14.03%	14.53%
1985	9.93%	7.48%	10.62%	11.68%	12.06%	12.47%	12.96%
1986	8.33%	5.98%	7.68%	8.92%	9.30%	9.58%	10.00%
1987	8.21%	5.82%	8.39%	9.52%	9.77%	10.10%	10.53%
1988	9.32%	6.69%	8.85%	10.05%	10.26%	10.49%	11.00%
1989	10.87%	8.12%	8.49%	9.32%	9.56%	9.77%	9.97%
1990	10.01%	7.51%	8.55%	9.45%	9.65%	9.86%	10.06%
1991	8.46%	5.42%	7.86%	8.85%	9.09%	9.36%	9.55%
1992 - 2001 Cycle							
1992	6.25%	3.45%	7.01%	8.19%	8.55%	8.69%	8.86%
1993	6.00%	3.02%	5.87%	7.29%	7.44%	7.59%	7.91%
1994	7.15%	4.29%	7.09%	8.07%	8.21%	8.31%	8.63%
1995	8.83%	5.51%	6.57%	7.68%	7.77%	7.89%	8.29%
1996	8.27%	5.02%	6.44%	7.48%	7.57%	7.75%	8.16%
1997	8.44%	5.07%	6.35%	7.43%	7.54%	7.60%	7.95%
1998	8.35%	4.81%	5.26%	6.77%	6.91%	7.04%	7.26%
1999	8.00%	4.66%	5.65%	7.21%	7.51%	7.62%	7.88%
2000	9.23%	5.85%	6.03%	7.88%	8.06%	8.24%	8.36%
2001	6.91%	3.45%	5.02%	7.47%	7.59%	7.78%	8.02%
Current Cycle							
2002	4.67%	1.62%	4.61%		[1] 7.19%	7.37%	8.02%
2003	4.12%	1.02%	4.01%		6.40%	6.58%	6.84%
2004	4.34%	1.38%	4.27%		6.04%	6.16%	6.40%
2005	6.19%	3.16%	4.29%		5.44%	5.65%	5.93%
2006	7.96%	4.73%	4.80%		5.84%	6.07%	6.32%
2007	8.05%	4.41%	4.63%		5.94%	6.07%	6.33%

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

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

INTEREST RATES

Year	Prime Rate	US Treas T Bills 3 Month	US Treas T Bonds 10 Year	Utility Bonds Aaa [1]	Utility Bonds Aa	Utility Bonds A	Utility Bonds Baa
2003							
Jan	4.25%	1.17%	4.05%	[1]	6.87%	7.06%	7.47%
Feb	4.25%	1.16%	3.90%		6.66%	6.93%	7.17%
Mar	4.25%	1.13%	3.81%		6.56%	6.79%	7.05%
Apr	4.25%	1.14%	3.96%		6.47%	6.64%	6.94%
May	4.25%	1.08%	3.57%		6.20%	6.36%	6.47%
June	4.00%	0.95%	3.33%		6.12%	6.21%	6.30%
July	4.00%	0.90%	3.98%		6.37%	6.57%	6.87%
Aug	4.00%	0.96%	4.45%		6.48%	6.78%	7.08%
Sept	4.00%	0.95%	4.27%		6.30%	6.56%	6.87%
Oct	4.00%	0.93%	4.29%		6.28%	6.43%	6.79%
Nov	4.00%	0.94%	4.30%		6.26%	6.37%	6.69%
Dec	4.00%	0.90%	4.27%		6.18%	6.27%	6.61%
2004							
Jan	4.00%	0.89%	4.15%		6.06%	6.15%	6.47%
Feb	4.00%	0.92%	4.08%		6.10%	6.15%	6.28%
Mar	4.00%	0.94%	3.83%		5.93%	5.97%	6.12%
Apr	4.00%	0.94%	4.35%		6.33%	6.35%	6.46%
May	4.00%	1.04%	4.72%		6.66%	6.62%	6.75%
June	4.00%	1.27%	4.73%		6.30%	6.46%	6.84%
July	4.25%	1.35%	4.50%		6.09%	6.27%	6.67%
Aug	4.50%	1.48%	4.28%		5.95%	6.14%	6.45%
Sept	4.75%	1.65%	4.13%		5.79%	5.88%	6.27%
Oct	4.75%	1.75%	4.10%		5.74%	5.94%	6.17%
Nov	5.00%	2.06%	4.19%		5.70%	5.97%	6.16%
Dec	5.25%	2.20%	4.23%		5.78%	5.92%	6.10%
2005							
Jan	5.25%	2.32%	4.22%		5.68%	5.78%	5.95%
Feb	5.50%	2.53%	4.17%		5.55%	5.61%	5.76%
Mar	5.75%	2.75%	4.50%		5.76%	5.83%	6.01%
Apr	5.75%	2.79%	4.34%		5.56%	5.64%	5.95%
May	6.00%	2.86%	4.14%		5.39%	5.53%	5.88%
June	6.25%	2.99%	4.00%		5.05%	5.40%	5.70%
July	6.25%	3.22%	4.18%		5.18%	5.51%	5.81%
Aug	6.50%	3.45%	4.26%		5.23%	5.50%	5.80%
Sept	6.75%	3.47%	4.20%		5.27%	5.52%	5.83%
Oct	6.75%	3.70%	4.46%		5.50%	5.79%	6.08%
Nov	7.00%	3.90%	4.54%		5.59%	5.88%	6.19%
Dec	7.25%	3.89%	4.47%		5.55%	5.80%	6.14%
2006							
Jan	7.50%	4.20%	4.42%		5.50%	5.75%	6.06%
Feb	7.50%	4.41%	4.57%		5.55%	5.82%	6.11%
Mar	7.75%	4.51%	4.72%		5.71%	5.98%	6.26%
Apr	7.75%	4.59%	4.99%		6.02%	6.29%	6.54%
May	8.00%	4.72%	5.11%		6.16%	6.42%	6.59%
June	8.25%	4.79%	5.11%		6.16%	6.40%	6.61%
July	8.25%	4.96%	5.09%		6.13%	6.37%	6.61%
Aug	8.25%	4.98%	4.88%		5.97%	6.20%	6.43%
Sept	8.25%	4.82%	4.72%		5.81%	6.00%	6.26%
Oct	8.25%	4.89%	4.73%		5.80%	5.98%	6.24%
Nov	8.25%	4.95%	4.60%		5.61%	5.80%	6.04%
Dec	8.25%	4.85%	4.56%		5.62%	5.81%	6.05%
2007							
Jan	8.25%	4.96%	4.76%		5.78%	5.96%	6.16%
Feb	8.25%	5.02%	4.72%		5.73%	5.90%	6.10%
Mar	8.25%	4.97%	4.56%		5.66%	5.85%	6.10%
Apr	8.25%	4.88%	4.69%		5.83%	5.97%	6.24%
May	8.25%	4.77%	4.75%		5.86%	5.99%	6.23%
June	8.25%	4.63%	5.10%		6.18%	6.30%	6.54%
July	8.25%	4.84%	5.00%		6.11%	6.25%	6.49%
Aug	8.25%	4.34%	4.67%		6.11%	6.24%	6.51%
Sept	7.75%	4.01%	4.52%		6.10%	6.18%	6.45%
Oct	7.50%	3.97%	4.53%		6.04%	6.11%	6.36%
Nov	7.50%	3.49%	4.15%		5.87%	5.97%	6.27%
Dec	7.25%	3.08%	4.10%		6.03%	6.16%	6.51%
2008							
Jan	6.00%	2.86%	3.74%		5.87%	6.02%	6.35%
Feb	6.00%	2.21%	3.74%		6.04%	6.21%	6.60%
Mar	5.25%	1.38%	3.51%		5.99%	6.21%	6.68%

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

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

STOCK PRICE INDICATORS

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

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

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

STOCK PRICE INDICATORS

YEAR	S&P Composite	NASDAQ Composite	DJIA	S&P D/P	S&P E/P
2002					
1st Qtr.	1,131.56	1,879.85	10,105.27	1.39%	2.15%
2nd Qtr.	1,068.45	1,641.53	9,912.70	1.49%	2.70%
3rd Qtr.	894.65	1,308.17	8,487.59	1.76%	3.68%
4th Qtr.	887.91	1,346.07	8,400.17	1.79%	3.14%
2003					
1st Qtr.	860.03	1,350.44	8,122.83	1.89%	3.57%
2nd Qtr.	938.00	1,521.92	8,684.52	1.75%	3.55%
3rd Qtr.	1,000.50	1,765.96	9,310.57	1.74%	3.87%
4th Qtr.	1,056.42	1,934.71	9,856.44	1.69%	4.38%
2004					
1st Qtr.	1,133.29	2,041.95	10,488.43	1.64%	4.62%
2nd Qtr.	1,122.87	1,984.13	10,289.04	1.71%	4.92%
3rd Qtr.	1,104.15	1,872.90	10,129.85	1.79%	5.18%
4th Qtr.	1,162.07	2,050.22	10,362.25	1.75%	4.83%
2005					
1st Qtr.	1,191.98	2,056.01	10,648.48	1.77%	5.11%
2nd Qtr.	1,181.65	2,012.24	10,382.35	1.85%	5.32%
3rd Qtr.	1,225.91	2,144.61	10,532.24	1.83%	5.42%
4th Qtr.	1,262.07	2,246.09	10,827.79	1.86%	5.60%
2006					
1st Qtr.	1,283.04	2,287.97	10,996.04	1.85%	5.61%
2nd Qtr.	1,281.77	2,240.46	11,188.84	1.90%	5.86%
3rd Qtr.	1,288.40	2,141.97	11,274.49	1.91%	5.88%
4th Qtr.	1,389.48	2,390.26	12,175.30	1.81%	5.75%
2007					
1st Qtr.	1,425.30	2,444.85	12,470.97	1.84%	5.85%
2nd Qtr.	1,496.43	2,552.37	13,214.26	1.82%	5.65%
3rd Qtr.	1,490.81	2,609.68	13,488.43	1.86%	5.15%
4th Qtr.	1,494.09	2,701.59	13,502.95	1.91%	4.51%
2008					
1st Qtr.	1,350.19	2,332.91	12,383.86	2.11%	

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

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

PUGET ENERGY, INC.
SEGMENT FINANCIAL INFORMATION
2005 - 2007
(\$000)

Segment	Operating Revenue	Operating Income	Net Income from	Total Assets
2005				
Regulated Utility	\$2,570,182 99.70%	\$385,816 98.85%	\$228,030 98.15%	\$6,267,012 94.81%
Other	\$7,826 0.30%	\$4,481 1.15%	\$4,293 1.85%	\$68,392 1.03%
Puget Energy Consolidated	\$2,578,008	\$390,297	\$232,323	\$6,609,951
2006				
Regulated Utility	\$2,899,234 99.73%	\$416,734 99.02%	\$172,644 103.24%	\$6,993,131 98.97%
Other	\$7,829 0.27%	\$4,117 0.98%	-\$5,420 -3.24%	\$72,908 1.03%
Puget Energy Consolidated	\$2,907,063	\$420,851	\$167,224	\$7,066,039
2007				
Regulated Utility	\$3,207,061 99.59%	\$439,433 99.64%	\$184,049 99.66%	\$7,513,884 98.88%
Other	\$13,086 0.41%	\$1,601 0.36%	\$627 0.34%	\$84,852 1.12%
Puget Energy Consolidated	\$3,220,147	\$441,034	\$184,676	\$7,598,736

Source: Puget Sound Energy, fiscal year ended Dec 31, 2007 Form 10-K.

BOND RATINGS

Date	Puget Sound Energy				Puget Energy	
	Corp Credit/Issuer		Sr. Secured Debt		Corp Credit/Issuer	
	Moody's	S&P	Moody's	S&P	Moody's	S&P
2000	Baa2	BBB+	Baa1	A-		
2001	Baa2	BBB-	Baa1	BBB	Baa3	BBB-
2002	Baa3	BBB-	Baa2	BBB	Ba1	BBB-
2003	Baa3	BBB-	Baa2	BBB	Ba1	BBB-
2004	Baa3	BBB-	Baa2	BBB	Ba1	BBB-
2005	Baa3	BBB-	Baa2	BBB	Ba1	BBB-
2006	Baa3	BBB-	Baa2	BBB	Ba1	BBB-
2007	Baa3	BBB-	Baa2	BBB+	Ba1	BBB-

Source: Response to WUTC Staff Data Request No. 067.

PUGET SOUND ENERGY, INC.
CAPITAL STRUCTURE RATIOS
2003 - 2007
(\$000)

YEAR	COMMON EQUITY	PREFERRED SECURITIES	LONG-TERM ^{1/} DEBT	SHORT-TERM DEBT
2003	\$1,555,469 38.9% 40.0%	\$282,139 7.1% 7.3%	\$2,053,005 51.3% 52.8%	\$111,000 2.8%
2004	\$1,592,433 38.7% 40.1%	\$282,139 6.8% 7.1%	\$2,095,360 50.9% 52.8%	\$150,000 3.6%
2005	\$1,986,621 43.8% 44.2%	\$239,639 5.3% 5.3%	\$2,264,360 50.0% 50.4%	\$41,000 0.9%
2006	\$2,092,283 40.1% 43.0%	\$39,639 0.8% 0.8%	\$2,733,360 52.4% 56.2%	\$352,358 6.8%
2007	\$2,504,091 44.4% 46.7%	\$1,889 0.0% 0.0%	\$2,858,360 50.7% 53.3%	\$276,252 4.9%

Note: Percentages may not total 100.0% due to rounding.
 1/ Includes current maturities of long-term debt

Source: Response to WUTC Staff Data Request No. 145.

PUGET ENERGY, INC.
CAPITAL STRUCTURE RATIOS
2003 - 2006
(\$000)

YEAR	COMMON EQUITY	PREFERRED SECURITIES	LONG-TERM DEBT	SHORT-TERM DEBT
2003	\$1,655,046	\$282,139	\$2,216,318	\$111,000
	38.8%	6.6%	52.0%	2.6%
	39.8%	6.8%	53.4%	
2004	\$1,622,276	\$282,139	\$2,100,360	\$150,000
	39.0%	6.8%	50.6%	3.6%
	40.5%	7.0%	52.4%	
2005	\$2,027,047	\$239,639	\$2,264,360	\$41,000
	44.3%	5.2%	49.5%	0.9%
	44.7%	5.3%	50.0%	
2006	\$2,116,029	\$39,639	\$2,733,360	\$328,055
	40.6%	0.8%	52.4%	6.3%
	43.3%	0.8%	55.9%	
2007	\$2,521,954	\$1,889	\$2,858,360	\$260,486
	44.7%	0.0%	50.7%	4.6%
	46.9%	0.0%	53.1%	

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

Source: Response to WUTC Staff Data Request No. 145.

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

Year	Electric	Combination Electric and Gas
2003	42%	38%
2004	47%	43%
2005	44%	47%
2006	45%	44%
2007	47%	46%

Note: Averages include short-term debt.

Source: AUS Utility Reports.

**COMPARISON COMPANIES
BASIS FOR SELECTION**

Company	Net Plant (\$000)	Percent Revenues Electric	Common Equity Ratio	S&P Stock Ranking	Moody's/ S&P Bond Rating
Puget Energy	\$3,000,000	61%	44%	B	BBB+/Baa2
Comparison Group					
Avista Corp	\$1,200,000	50%	46%	B	BBB-/Baa3
Empire District Electric	\$700,000	91%	50%	B	BBB+/Baa1
Hawaiian Electric Industries	\$2,200,000	84%	49%	B+	BBB/Baa2
PEPCO Holdings	\$5,900,000	58%	45%	B	BBB+/Baa1
Pinnacle West	\$4,800,000	77%	52%	A-	BBB-/Baa2
PNM Resources	\$2,500,000	79%	49%	B+	BBB/Baa2
Westar Energy	\$2,300,000	72%	49%	B	BBB-/Baa2

The Comparison Group was selected using the following criteria: Net Plant of \$500 million to \$7 billion. Electric Revenues of 50% or greater. Common Equity Ratio of 45% or greater. S&P Stock Ranking of B or B+ or A-, S&P and Moody's bond ratings of Baa/BBB. Currently pays common stock dividends.

Sources: C.A. Turner Utility Reports, Standard & Poor's Stock Guide, Value Line Investment Survey.

**COMPARISON COMPANIES
DIVIDEND YIELD**

COMPANY	DPS	January - March, 2008			YIELD
		HIGH	LOW	AVERAGE	
Comparison Group					
Avista Corp	\$0.66	\$21.73	\$17.80	\$19.77	3.3%
Empire District Electric	\$1.28	\$23.29	\$19.33	\$21.31	6.0%
Hawaiian Electric Industries	\$1.24	\$23.95	\$20.95	\$22.45	5.5%
PEPCO Holdings	\$1.08	\$29.64	\$23.80	\$26.72	4.0%
Pinnacle West	\$2.10	\$42.92	\$34.08	\$38.50	5.5%
PNM Resources	\$0.92	\$21.69	\$8.95	\$15.32	6.0%
Westar Energy	\$1.16	\$25.92	\$21.75	\$23.84	4.9%
Average					5.0%
S&P Integrated Electric Utilities					
ALLETE	\$1.72	\$39.86	\$33.76	\$36.81	4.7%
Alliant Energy	\$1.40	\$42.37	\$34.00	\$38.19	3.7%
American Electric Power	\$1.64	\$49.11	\$39.35	\$44.23	3.7%
Ameren Corp.	\$2.54	\$54.29	\$40.92	\$47.61	5.3%
Cleco	\$0.90	\$28.37	\$21.01	\$24.69	3.6%
DTE Energy	\$2.12	\$45.34	\$37.87	\$41.61	5.1%
Edison International	\$1.22	\$55.70	\$46.81	\$51.26	2.4%
Empire District Electric	\$1.28	\$23.29	\$19.33	\$21.31	6.0%
Energy East	\$1.24	\$27.66	\$23.69	\$25.68	4.8%
Entergy	\$3.00	\$127.48	\$99.45	\$113.47	2.6%
FirstEnergy Corp	\$2.20	\$78.51	\$64.44	\$71.48	3.1%
FPL Group	\$1.78	\$73.75	\$57.21	\$65.48	2.7%
Hawaiian Electric Industries	\$1.24	\$23.95	\$20.95	\$22.45	5.5%
IDACORP	\$1.20	\$35.11	\$28.74	\$31.93	3.8%
MGE Corp	\$1.42	\$36.00	\$29.85	\$32.93	4.3%
Northeast Utilities	\$0.80	\$31.62	\$23.96	\$27.79	2.9%
PG&E	\$1.56	\$45.68	\$36.26	\$40.97	3.8%
Pinnacle West	\$2.10	\$42.92	\$34.08	\$38.50	5.5%
PNM Resources	\$0.92	\$21.69	\$8.95	\$15.32	6.0%
Progress Energy	\$2.46	\$49.16	\$40.54	\$44.85	5.5%
Puget Energy	\$1.00	\$27.74	\$25.06	\$26.40	3.8%
Southern Company	\$1.61	\$40.60	\$33.71	\$37.16	4.3%
TECO Energy	\$0.78	\$17.75	\$14.48	\$16.12	4.8%
Wisconsin Energy	\$1.08	\$49.61	\$42.00	\$45.81	2.4%
Xcel Energy Inc.	\$0.92	\$22.90	\$19.39	\$21.15	4.4%
Average					4.2%
Moody's Electric Utilities					
American Electric Power	\$1.64	\$49.11	\$39.35	\$44.23	3.7%
CH Energy	\$2.16	\$45.38	\$34.53	\$39.96	5.4%
Consolidated Edison	\$2.34	\$49.30	\$39.30	\$44.30	5.3%
Constellation Energy	\$1.91	\$107.97	\$81.94	\$94.96	2.0%
Dominion Resources	\$1.58	\$48.50	\$38.63	\$43.57	3.6%
DPL Inc	\$1.10	\$30.51	\$24.38	\$27.45	4.0%
DTE Energy	\$2.12	\$45.34	\$37.87	\$41.61	5.1%
Energy East	\$1.24	\$27.66	\$23.69	\$25.68	4.8%
Exelon	\$2.00	\$87.25	\$70.00	\$78.63	2.5%
FirstEnergy Corp	\$2.20	\$78.51	\$64.44	\$71.48	3.1%
IDACORP	\$1.20	\$35.11	\$28.74	\$31.93	3.8%
NiSource	\$0.92	\$19.82	\$16.78	\$18.30	5.0%
OGE Energy	\$1.39	\$36.23	\$29.83	\$33.03	4.2%
PPL Corp	\$1.34	\$55.23	\$44.72	\$49.98	2.7%
Progress Energy	\$2.46	\$49.16	\$40.54	\$44.85	5.5%
Public Service Enterprise	\$1.29	\$52.30	\$39.08	\$45.69	2.8%
Southern Company	\$1.61	\$40.60	\$33.71	\$37.16	4.3%
TECO Energy	\$0.78	\$17.75	\$14.48	\$16.12	4.8%
Xcel Energy Inc.	\$0.92	\$22.90	\$19.39	\$21.15	4.4%
Average					4.1%

Source: Yahoo! Finance.

**COMPARISON COMPANIES
RETENTION GROWTH RATES.**

COMPANY	2003	2004	2005	2006	2007	Average	2008	2009	'11-'13	Average
Comparison Group										
Avista Corp	3.4%	1.4%	2.4%	4.9%	1.0%	2.6%	4.0%		3.0%	3.5%
Empire District Electric	0.1%	0.0%	0.0%	0.8%	0.0%	0.2%	1.0%	2.0%	3.0%	2.0%
Hawaiian Electric Industries	3.9%	1.1%	1.5%	0.7%	0.0%	1.4%	0.0%	0.0%	2.5%	0.8%
PEPCO Holdings	2.0%	2.5%	2.4%	1.5%	3.0%	2.3%	4.0%	4.0%	5.5%	4.5%
Pinnacle West	2.6%	2.3%	1.0%	3.4%	2.5%	2.4%	1.0%		2.0%	1.5%
PNM Resources	3.0%	4.5%	4.3%	3.7%	1.5%	3.4%	3.0%		3.0%	3.0%
Westar Energy	4.9%	3.2%	4.3%	5.5%	4.3%	4.4%	2.0%	2.5%	3.0%	2.5%
Average						2.4%				2.5%
S&P Integrated Electric Utilities										
ALLETE		4.7%	5.2%	5.0%	5.8%	5.2%	3.0%	3.0%	3.0%	3.0%
Alliant Energy	2.5%	3.8%	8.1%	4.0%	5.9%	4.9%	5.0%	5.0%	4.5%	4.8%
American Electric Power	4.5%	5.7%	5.2%	5.7%	5.0%	5.2%	5.5%	5.5%	5.0%	5.3%
Ameren Corp.	2.2%	0.9%	1.7%	0.2%	1.2%	1.2%	1.5%	2.0%	2.5%	2.0%
Cleco	3.5%	3.9%	4.1%	3.0%	2.5%	3.4%	4.0%	4.5%	4.0%	4.2%
DTE Energy	2.5%	1.6%	3.7%	1.2%	1.5%	2.1%	2.0%	3.0%	3.5%	2.8%
Edison International	13.6%	0.0%	12.3%	10.1%	8.0%	8.8%	7.5%		6.5%	7.0%
Empire District Electric	0.1%	0.0%	0.0%	0.8%	0.0%	0.2%	1.0%	2.0%	3.0%	2.0%
Energy East	3.1%	3.8%	3.7%	3.2%	2.0%	3.2%	2.0%	1.5%	1.5%	1.7%
Entergy	5.6%	5.8%	6.0%	8.0%	8.0%	6.7%	9.0%	8.0%	6.5%	7.8%
FirstEnergy Corp	0.0%	4.9%	4.2%	7.4%	7.5%	4.8%	6.5%	6.5%	6.5%	6.5%
FPL Group	6.4%	5.8%	4.0%	6.9%	7.5%	6.1%	7.0%	7.0%	7.0%	7.0%
Hawaiian Electric Industries	3.9%	1.1%	1.5%	0.7%	0.0%	1.4%	0.0%	0.0%	2.5%	0.8%
IDACORP	0.0%	2.7%	1.3%	4.3%	3.0%	2.3%	3.0%	3.5%	3.5%	3.3%
MGE Corp	2.5%	2.3%	1.2%	3.7%	4.3%	2.8%	4.5%	5.0%	5.5%	5.0%
Northeast Utilities	3.7%	1.8%	1.5%	0.3%	4.0%	2.2%	5.0%	4.5%	5.0%	4.8%
PG&E	18.5%	10.3%	7.7%	6.6%	6.0%	9.8%	5.5%		4.0%	4.8%
Pinnacle West	2.6%	2.3%	1.0%	3.4%	2.5%	2.4%	1.0%	0.0%	2.0%	1.0%
PNM Resources	3.0%	4.5%	4.3%	3.7%	1.5%	3.4%	3.0%	0.0%	3.0%	2.0%
Progress Energy	3.7%	2.6%	1.7%	0.0%	1.0%	1.8%	1.5%	2.0%	2.5%	2.0%
Puget Energy	2.1%	2.8%	2.9%	3.0%	3.0%	2.8%	3.0%		3.5%	3.3%
Southern Company	4.4%	4.7%	4.6%	3.8%	4.0%	4.3%	4.0%	4.0%	4.5%	4.2%
TECO Energy	0.0%	0.0%	3.3%	5.0%	5.1%	2.7%	3.0%	3.5%	3.5%	3.3%
Wisconsin Energy	7.4%	4.9%	7.5%	7.1%	7.0%	6.8%	6.5%	7.0%	7.0%	7.0%
Xcel Energy Inc.	3.9%	3.9%	2.9%	3.6%	3.0%	3.5%	3.0%	3.5%	3.5%	3.3%
Average						3.9%				4.0%
Moody's Electric Utilities										
American Electric Power	4.5%	5.7%	5.2%	5.7%	5.0%	5.2%	5.5%	5.5%	5.0%	5.3%
CH Energy	2.0%	1.7%	2.0%	1.2%	1.5%	1.7%	1.0%	2.0%	2.5%	1.8%
Consolidated Edison	2.9%	0.8%	2.6%	2.6%	4.0%	2.6%	4.5%	4.0%	3.0%	3.8%
Constellation Energy	7.0%	7.7%	7.7%	9.1%	9.5%	8.2%	12.0%	13.0%	11.0%	12.0%
Dominion Resources	4.0%	4.8%	1.1%	5.6%	5.0%	4.1%	8.0%	7.0%	6.0%	7.0%
DPL Inc	2.2%	9.8%	0.8%	1.7%	11.5%	5.2%	11.0%	11.0%	8.0%	10.0%
DTE Energy	2.5%	1.6%	3.7%	1.2%	1.5%	2.1%	2.0%	3.0%	3.5%	2.8%
Energy East	3.1%	3.8%	3.7%	3.2%	2.0%	3.2%	2.0%	1.5%	1.5%	1.7%
Exelon	11.5%	10.7%	11.9%	13.0%	15.2%	12.5%	13.0%	13.5%	15.0%	13.8%
FirstEnergy Corp	0.0%	4.9%	4.2%	7.4%	7.5%	4.8%	6.5%	6.5%	6.5%	6.5%
IDACORP	0.0%	2.7%	1.3%	4.3%	3.0%	2.3%	3.0%	3.5%	3.5%	3.3%
NISource	3.0%	3.9%	0.9%	1.2%	1.2%	2.0%	2.0%	2.0%	2.5%	2.2%
OGE Energy	3.6%	3.4%	3.4%	6.6%	7.1%	4.8%	5.5%	5.5%	6.0%	5.7%
PPL Corp	11.7%	9.3%	8.8%	9.3%	10.0%	9.8%	7.0%	7.0%	11.5%	8.5%
Progress Energy	3.7%	2.6%	1.7%	0.0%	1.0%	1.8%	1.5%	2.0%	2.5%	2.0%
Public Service Enterprise	6.5%	3.5%	5.2%	2.6%	10.5%	5.7%	10.0%	9.0%	7.0%	8.7%
Southern Company	4.4%	4.7%	4.6%	3.8%	4.0%	4.3%	4.0%	4.0%	4.5%	4.2%
TECO Energy	0.0%	0.0%	3.3%	5.0%	5.1%	2.7%	3.0%	3.5%	3.5%	3.3%
Xcel Energy Inc.	3.9%	3.9%	2.9%	3.6%	3.0%	3.5%	3.0%	3.5%	3.5%	3.3%
Average						4.5%				5.6%

Source: Value Line Investment Survey.

**COMPARISON COMPANIES
PER SHARE GROWTH RATES**

COMPANY	5-Year Historic Growth Rates				Est'd '04-'08 to '11-'13 Growth Rates			
	EPS	DPS	BVPS	Average	EPS	DPS	BVPS	Average
Comparison Group								
Avista Corp	0.5%	2.5%	3.5%	2.2%	9.0%	12.5%	4.0%	8.5%
Empire District Electric	1.0%	0.0%	2.0%	1.0%	10.0%	1.5%	2.5%	4.7%
Hawaiian Electric Industries	-1.0%	0.0%	2.0%	0.3%	1.5%	0.0%	-0.5%	0.3%
PEPCO Holdings	-5.0%	0.0%	0.5%	-1.5%	13.0%	15.0%	3.0%	10.3%
Pinnacle West	-5.0%	6.0%	4.0%	1.7%	1.5%	3.0%	2.0%	2.2%
PNM Resources	-2.5%	7.5%	4.5%	3.2%	2.5%	6.0%	4.5%	4.3%
Westar Energy	32.0%	-5.0%	-4.5%	7.5%	1.5%	5.0%	3.5%	3.3%
Average				2.0%				4.8%
S&P Integrated Electric Utilities								
ALLETE					2.5%	5.5%	6.5%	4.8%
Alliant Energy	3.0%	-10.5%	0.5%	-2.3%	6.0%	9.0%	6.0%	7.0%
American Electric Power	3.0%	-9.5%	-2.5%	-3.0%	6.0%	7.5%	6.0%	6.5%
Ameren Corp.	-1.5%		5.5%	2.0%	3.5%	0.0%	3.0%	2.2%
Cleco		1.0%	5.5%	3.3%	7.5%	7.5%	7.0%	7.3%
DTE Energy	-1.0%		3.0%	1.0%	4.5%	1.5%	4.0%	3.3%
Edison International		8.5%	14.0%	11.3%	6.5%	6.5%	8.5%	7.2%
Empire District Electric	1.0%	0.0%	2.0%	1.0%	10.0%	1.5%	2.5%	4.7%
Energy East	-3.0%	5.0%	6.0%	2.7%	0.5%	3.5%	2.0%	2.0%
Entergy	9.5%	12.5%	3.0%	8.3%	8.0%	10.5%	8.0%	8.8%
FirstEnergy Corp	3.5%	4.0%	4.5%	4.0%	8.5%	7.5%	5.5%	7.2%
FPL Group	4.5%	5.5%	6.5%	5.5%	11.5%	9.0%	10.5%	10.3%
Hawaiian Electric Industries	-1.0%	0.0%	2.0%	0.3%	1.5%	0.0%	-0.5%	0.3%
IDACORP	-8.5%	-8.5%	2.5%	-4.8%	2.0%	0.0%	4.0%	2.0%
MGE Corp	3.5%	1.0%	7.5%	4.0%	6.0%	0.5%	7.0%	4.5%
Northeast Utilities		16.5%	3.0%	9.8%	15.0%	6.0%	5.5%	8.8%
PG&E		-1.5%	9.5%	4.0%	4.5%		5.5%	5.0%
Pinnacle West	-5.0%	6.0%	4.0%	1.7%	1.5%	3.0%	2.0%	2.2%
PNM Resources	-2.5%	7.5%	4.5%	3.2%	2.5%	6.0%	4.5%	4.3%
Progress Energy	-0.5%	2.5%	5.0%	2.3%	3.5%	1.0%	1.5%	2.0%
Puget Energy	-4.5%	-11.5%	1.5%	-4.8%	6.0%	3.0%	4.0%	4.3%
Southern Company	3.0%	2.0%	1.0%	2.0%	5.0%	4.5%	6.0%	5.2%
TECO Energy	-13.0%	-10.5%	-9.5%	-11.0%	4.0%	2.0%	6.5%	4.2%
Wisconsin Energy	8.0%	-6.5%	6.0%	2.5%	9.0%	9.0%	6.5%	8.2%
Xcel Energy Inc.	-6.5%	-10.5%	-4.5%	-7.2%	5.5%	4.5%	4.0%	4.7%
Average				1.5%				5.1%
Moody's Electric Utilities								
American Electric Power	3.0%	-9.5%	-2.5%	-3.0%	6.0%	7.5%	6.0%	6.5%
CH Energy	-2.5%	0.0%	1.5%	-0.3%	1.5%	0.5%	1.5%	1.2%
Consolidated Edison	-2.0%	1.0%	3.0%	0.7%	4.5%	1.0%	5.5%	3.7%
Constellation Energy	9.0%	1.0%	4.5%	4.8%	13.5%	10.5%	10.0%	11.3%
Dominion Resources	7.5%	1.0%	3.5%	4.0%	9.5%	7.5%	7.0%	8.0%
DPL Inc	-1.0%	1.0%	2.5%	0.8%	11.0%	5.0%	9.0%	8.3%
DTE Energy	-1.0%	0.0%	3.0%	0.7%	4.5%	1.5%	4.0%	3.3%
Energy East	-3.0%	5.0%	6.0%	2.7%	0.5%	3.5%	2.0%	2.0%
Exelon	11.5%		3.5%	7.5%	9.0%	7.0%	7.5%	7.8%
FirstEnergy Corp	3.5%	4.0%	4.5%	4.0%	8.5%	7.5%	5.5%	7.2%
IDACORP	-8.5%	-8.5%	2.5%	-4.8%	2.0%	0.0%	4.0%	2.0%
NISource	-5.5%	-2.5%	2.0%	-2.0%	5.0%	1.5%	2.0%	2.8%
OGE Energy	8.5%		5.5%	7.0%	4.5%	2.5%	6.5%	4.5%
PPL Corp	6.5%	13.0%	14.0%	11.2%	13.5%	14.0%	10.0%	12.5%
Progress Energy	-0.5%	2.5%	5.0%	2.3%	3.5%	1.0%	1.5%	2.0%
Public Service Enterprise	-1.5%	0.5%	5.0%	1.3%	10.5%	5.5%	9.5%	8.5%
Southern Company	3.0%	2.0%	1.0%	2.0%	5.0%	4.5%	6.0%	5.2%
TECO Energy	-13.0%	-10.5%	-9.5%	-11.0%	4.0%	2.0%	6.5%	4.2%
Xcel Energy Inc.	-6.5%	-10.5%	-4.5%	-7.2%	5.5%	4.5%	4.0%	4.7%
Average				1.1%				5.6%

Source: Value Line Investment Survey.

**COMPARISON COMPANIES
DCF COST RATES**

COMPANY	ADJUSTED YIELD	HISTORIC RETENTION GROWTH	PROSPECTIVE RETENTION GROWTH	HISTORIC PER SHARE GROWTH	PROSPECTIVE PER SHARE GROWTH	FIRST CALL EPS GROWTH	AVERAGE GROWTH	DCF RATES
Comparison Group								
Avista Corp	3.4%	2.6%	3.5%	2.2%	8.5%	4.5%	4.3%	7.7%
Empire District Electric	6.1%	0.2%	2.0%	1.0%	4.7%	6.0%	2.8%	6.9%
Hawaiian Electric Industries	5.6%	1.4%	0.8%	0.3%	0.3%	4.2%	1.4%	7.0%
PEPCO Holdings	4.2%	2.3%	4.5%		10.3%	11.0%	7.0%	11.2%
Pinnacle West	5.5%	2.4%	1.5%	1.7%		2.2%	3.8%	7.8%
PNM Resources	6.2%	3.4%	3.0%	3.2%	4.3%	11.4%	5.1%	11.2%
Westar Energy	5.0%	4.4%	2.5%	7.5%	3.3%	5.5%	4.7%	9.6%
Mean	5.1%	2.4%	2.5%	2.6%	4.8%	6.6%	3.9%	9.1%
Median	5.5%	2.4%	2.5%	1.9%	4.3%	5.5%	4.3%	8.9%
Composite-Mean		7.5%	7.7%	7.8%	9.9%	11.7%	9.1%	
Composite-Median		7.9%	8.0%	7.4%	9.8%	11.1%	9.8%	
S&P Integrated Electric Utilities								
ALLETE	4.8%	5.2%	3.0%		4.8%	5.0%	4.5%	9.3%
Alliant Energy	3.8%	4.9%	4.8%		7.0%	6.3%	5.8%	9.5%
American Electric Power	3.8%	5.2%	5.3%	-3.0%		6.6%	4.1%	7.9%
Ameren Corp.	5.4%	1.2%	2.0%	2.0%	2.2%	4.8%	2.4%	7.8%
Cleco	3.8%	3.4%	4.2%	3.3%	7.3%	14.0%	6.4%	10.2%
DTE Energy	5.2%	2.1%	2.8%	1.0%	3.3%	5.0%	2.9%	8.0%
Edison International	2.5%	8.8%	7.0%	11.3%	7.2%	9.1%	8.7%	11.1%
Empire District Electric	6.1%	0.2%	2.0%	1.0%	4.7%	6.0%	2.8%	8.9%
Energy East	4.9%	3.2%	1.7%	2.7%	2.0%	5.0%	2.9%	7.8%
Entergy	2.8%	6.7%	7.8%	8.3%	8.8%	12.4%	8.8%	11.6%
FirstEnergy Corp	3.2%	4.8%	6.5%	4.0%	7.2%	9.5%	6.4%	9.6%
FPL Group	2.8%	6.1%	7.0%	5.5%	10.3%	9.8%	7.7%	10.6%
Hawaiian Electric Industries	5.6%	1.4%	0.8%	0.3%	0.3%	4.2%	1.4%	7.0%
IDACORP	3.8%	2.3%	3.3%		2.0%	6.0%	3.4%	7.2%
MGE Corp	4.4%	2.8%	5.0%	4.0%	4.5%		4.1%	8.5%
Northeast Utilities	3.0%	2.2%	4.8%	9.8%	8.8%	8.4%	6.8%	9.8%
PG&E	3.9%	9.8%	4.8%	4.0%	5.0%	8.2%	6.3%	10.3%
Pinnacle West	5.5%	2.4%	1.0%	1.7%	2.2%	3.6%	2.2%	7.7%
PNM Resources	6.2%	3.4%	2.0%	3.2%	4.3%	11.4%	4.9%	11.0%
Progress Energy	5.6%	1.8%	2.0%	2.3%	2.0%	8.0%	2.8%	8.4%
Puget Energy	3.9%	2.8%	3.3%		4.3%	5.7%	4.0%	7.9%
Southern Company	4.4%	4.3%	4.2%	2.0%	5.2%	5.3%	4.2%	8.6%
TECO Energy	4.9%	2.7%	3.3%		4.2%	4.7%	3.7%	8.7%
Wisconsin Energy	2.4%	6.8%	7.0%	2.5%		9.7%	6.8%	9.3%
Xcel Energy Inc.	4.4%	3.5%	3.3%		4.7%	6.5%	4.5%	8.9%
Mean	4.3%	3.9%	4.0%	3.5%	5.1%	7.2%	4.7%	9.0%
Median	4.4%	3.4%	3.3%	2.7%	4.7%	6.2%	4.2%	8.9%
Composite-Mean		8.2%	8.2%	7.7%	9.4%	11.5%	9.0%	
Composite-Median		7.8%	7.7%	7.1%	9.1%	10.6%	8.6%	
Moody's Electric Utilities								
American Electric Power	3.8%	5.2%	5.3%		6.5%	6.6%	5.9%	9.7%
CH Energy	5.4%	1.7%	1.8%		1.2%		1.6%	7.0%
Consolidated Edison	5.4%	2.6%	3.8%	0.7%	3.7%	3.2%	2.8%	8.1%
Constellation Energy	2.1%	8.2%	12.0%	4.8%	11.3%	16.5%	10.6%	12.7%
Dominion Resources	3.7%	4.1%	7.0%	4.0%	8.0%	8.3%	6.3%	10.0%
DPL Inc	4.1%	5.2%	10.0%	0.8%	8.3%	7.3%	6.3%	10.5%
DTE Energy	5.2%	2.1%	2.8%	0.7%	3.3%	5.0%	2.8%	8.0%
Energy East	4.9%	3.2%	1.7%	2.7%	2.0%	5.0%	2.9%	7.8%
Exelon	2.7%	12.5%	13.8%	7.5%	7.8%	9.3%	10.2%	12.9%
FirstEnergy Corp	3.2%	4.8%	6.5%	4.0%	7.2%	9.5%	6.4%	9.6%
IDACORP	3.8%	2.3%	3.3%		2.0%	6.0%	3.4%	7.2%
NiSource	5.1%	2.0%	2.2%		2.8%	2.9%	2.5%	7.6%
OGE Energy	4.3%	4.8%	5.7%	7.0%	4.5%	4.0%	5.2%	9.5%
PPL Corp	2.8%	9.8%	8.5%	11.2%	12.5%	14.2%	11.2%	14.1%
Progress Energy	5.6%	1.8%	2.0%	2.3%	2.0%	6.0%	2.8%	8.4%
Public Service Enterprise	2.9%	5.7%	8.7%	1.3%	8.5%	15.6%	8.0%	10.9%
Southern Company	4.4%	4.3%	4.2%	2.0%	5.2%	5.3%	4.2%	8.6%
TECO Energy	4.9%	2.7%	3.3%		4.2%	4.7%	3.7%	8.7%
Xcel Energy Inc.	4.4%	3.5%	3.3%		4.7%	6.5%	4.5%	8.9%
Mean	4.2%	4.5%	5.6%	3.8%	5.6%	7.5%	5.3%	9.6%
Median	4.3%	4.1%	4.2%	2.7%	4.7%	6.2%	4.5%	8.9%
Composite-Mean		8.7%	9.7%	7.9%	9.7%	11.7%	9.9%	
Composite-Median		8.4%	8.5%	7.0%	9.0%	10.6%	8.8%	

Sources: Prior pages of this schedule.

**STANDARD & POOR'S 500 COMPOSITE
RETURN ON AVERAGE COMMON EQUITY**

Year	EPS	BVPS	ROE	20-YEAR T-BOND	RISK PREMIUM
1977		\$79.07			
1978	\$12.33	\$85.35	15.00%	7.90%	7.10%
1979	\$14.86	\$94.27	16.55%	8.86%	7.69%
1980	\$14.82	\$102.48	15.06%	9.97%	5.09%
1981	\$15.36	\$109.43	14.50%	11.55%	2.95%
1982	\$12.64	\$112.46	11.39%	13.50%	-2.11%
1983	\$14.03	\$116.93	12.23%	10.38%	1.85%
1984	\$16.64	\$122.47	13.90%	11.74%	2.16%
1985	\$14.61	\$125.20	11.80%	11.25%	0.55%
1986	\$14.48	\$126.82	11.49%	8.98%	2.51%
1987	\$17.50	\$134.04	13.42%	7.92%	5.50%
1988	\$23.75	\$141.32	17.25%	8.97%	8.28%
1989	\$22.87	\$147.26	15.85%	8.81%	7.04%
1990	\$21.73	\$153.01	14.47%	8.19%	6.28%
1991	\$16.29	\$158.85	10.45%	8.22%	2.23%
1992	\$19.09	\$149.74	12.37%	7.26%	5.11%
1993	\$21.89	\$180.88	13.24%	7.17%	6.07%
1994	\$30.60	\$193.06	16.37%	6.59%	9.78%
1995	\$33.96	\$215.51	16.62%	7.60%	9.02%
1996	\$38.73	\$237.08	17.11%	6.18%	10.93%
1997	\$39.72	\$249.52	16.33%	6.64%	9.69%
1998	\$37.71	\$266.40	14.62%	5.83%	8.79%
1999	\$48.17	\$290.68	17.29%	5.57%	11.72%
2000	\$50.00	\$325.80	16.22%	6.50%	9.72%
2001	\$24.69	\$338.37	7.43%	5.53%	1.90%
2002	\$27.59	\$321.72	8.36%	5.59%	2.77%
2003	\$48.73	\$367.17	14.15%	4.80%	9.35%
2004	\$58.55	\$414.75	14.98%	5.02%	9.96%
2005	\$69.93	\$453.06	16.12%	4.69%	11.43%
2006	\$81.51	\$504.39	17.03%	4.68%	12.35%
Average					6.40%

Source: Standard & Poor's Analysts' Handbook.

**COMPARISON COMPANIES
CAPM COST RATES**

COMPANY	RISK-FREE RATE	BETA	MARKET RETURN	CAPM RATES
Comparison Group				
Avista Corp	4.40%	0.95	5.90%	10.0%
Empire District Electric	4.40%	0.85	5.90%	9.4%
Hawaiian Electric Industries	4.40%	0.75	5.90%	8.8%
PEPCO Holdings	4.40%	0.90	5.90%	9.7%
Pinnacle West	4.40%	0.80	5.90%	9.1%
PNM Resources	4.40%	0.90	5.90%	9.7%
Westar Energy	4.40%	0.85	5.90%	9.4%
Mean				9.5%
Median				9.4%
S&P Integrated Electric Utilities				
ALLETE	4.40%	0.95	5.90%	10.0%
Alliant Energy	4.40%	0.80	5.90%	9.1%
American Electric Power	4.40%	0.85	5.90%	9.4%
Ameren Corp.	4.40%	0.80	5.90%	9.1%
Cleco	4.40%	1.00	5.90%	10.3%
DTE Energy	4.40%	0.75	5.90%	8.8%
Edison International	4.40%	0.85	5.90%	9.4%
Empire District Electric	4.40%	0.85	5.90%	9.4%
Energy East	4.40%	0.75	5.90%	8.8%
Entergy	4.40%	0.85	5.90%	9.4%
FirstEnergy Corp	4.40%	0.80	5.90%	9.1%
FPL Group	4.40%	0.75	5.90%	8.8%
Hawaiian Electric Industries	4.40%	0.75	5.90%	8.8%
IDACORP	4.40%	0.90	5.90%	9.7%
MGE Corp	4.40%	0.90	5.90%	9.7%
Northeast Utilities	4.40%	0.75	5.90%	8.8%
PG&E	4.40%	0.85	5.90%	9.4%
Pinnacle West	4.40%	0.80	5.90%	9.1%
PNM Resources	4.40%	0.90	5.90%	9.7%
Progress Energy	4.40%	0.80	5.90%	9.1%
Puget Energy	4.40%	0.90	5.90%	9.7%
Southern Company	4.40%	0.70	5.90%	8.5%
TECO Energy	4.40%	0.85	5.90%	9.4%
Wisconsin Energy	4.40%	0.80	5.90%	9.1%
Xcel Energy Inc.	4.40%	0.80	5.90%	9.1%
Mean				9.3%
Median				9.1%
Moody's Electric Utilities				
American Electric Power	4.40%	0.85	5.90%	9.4%
CH Energy	4.40%	0.90	5.90%	9.7%
Consolidated Edison	4.40%	0.75	5.90%	8.8%
Constellation Energy	4.40%	0.90	5.90%	9.7%
Dominion Resources	4.40%	0.75	5.90%	8.8%
DPL Inc	4.40%	0.75	5.90%	8.8%
DTE Energy	4.40%	0.75	5.90%	8.8%
Energy East	4.40%	0.75	5.90%	8.8%
Exelon	4.40%	0.85	5.90%	9.4%
FirstEnergy Corp	4.40%	0.80	5.90%	9.1%
IDACORP	4.40%	0.90	5.90%	9.7%
NiSource	4.40%	0.90	5.90%	9.7%
OGE Energy	4.40%	0.80	5.90%	9.1%
PPL Corp	4.40%	0.90	5.90%	9.7%
Progress Energy	4.40%	0.80	5.90%	9.1%
Public Service Enterprise	4.40%	0.90	5.90%	9.7%
Southern Company	4.40%	0.70	5.90%	8.5%
TECO Energy	4.40%	0.85	5.90%	9.4%
Xcel Energy Inc.	4.40%	0.80	5.90%	9.1%
Mean				9.2%
Median				9.1%

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

COMPARISON COMPANIES
RATES OF RETURN ON AVERAGE COMMON EQUITY

COMPANY	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1992-2001 Average	2002-2007 Average	2008	2009	2011-2013		
Comparison Group																							
Avalara Corp	11.7%	12.2%	10.5%	11.2%	10.8%	15.0%	10.2%	1.1%	13.4%	7.5%	4.5%	6.7%	4.6%	5.8%	8.8%	4.5%	10.4%	6.1%	7.5%	8.5%	8.5%		
Empire District Electric	10.3%	9.4%	10.3%	9.4%	9.4%	9.9%	11.8%	8.4%	10.0%	4.3%	8.4%	8.7%	5.7%	6.2%	8.2%	6.9%	9.3%	7.3%	9.5%	9.5%	11.0%		
Hawaiian Electric Industries	10.5%	10.5%	11.1%	11.0%	10.5%	10.9%	11.6%	11.1%	9.8%	12.4%	11.9%	11.1%	9.3%	9.7%	8.3%	6.7%	11.0%	9.2%	9.0%	10.0%	11.0%		
PEPCO Holdings	10.6%	12.0%	10.8%	10.8%	11.7%	10.5%	11.3%	11.7%	8.9%	11.9%	9.6%	7.6%	8.3%	8.1%	7.1%	8.4%	11.0%	7.5%	9.5%	10.0%	11.0%		
Pinnacle West	10.7%	10.9%	10.2%	10.6%	11.2%	11.9%	11.6%	12.3%	12.4%	12.8%	8.6%	8.3%	8.2%	6.7%	9.2%	8.4%	11.5%	8.2%	7.0%	8.0%	8.0%		
PNM Resources	4.6%	8.6%	11.7%	8.5%	9.5%	10.0%	11.3%	9.1%	10.2%	15.8%	6.3%	6.7%	7.9%	8.6%	8.4%	6.1%	10.0%	7.5%	7.0%	7.0%	7.0%		
Westar Energy	11.0%	12.4%	10.7%	11.1%	10.4%	-1.6%	7.1%	5.2%	3.2%	-2.2%	5.0%	10.6%	7.7%	9.6%	11.1%	10.0%	6.7%	9.8%	8.0%	8.5%	9.5%		
Mean	10.0%	10.9%	10.8%	10.3%	10.5%	9.5%	10.6%	8.4%	9.7%	9.0%	7.8%	8.5%	7.4%	7.8%	9.0%	7.3%	10.0%	8.0%	8.1%	8.3%	8.4%		
Median	10.7%	10.9%	10.7%	10.6%	10.5%	10.5%	11.3%	9.1%	10.0%	11.9%	8.4%	8.3%	7.9%	8.1%	9.2%	6.9%	10.6%	8.1%	8.0%	9.6%	9.0%		
S&P Integrated Electric Utilities																							
ALLETE																	12.0%	13.2%	13.4%	12.5%	9.5%	9.5%	9.0%
Alliant Energy	12.2%	11.5%	11.6%	12.0%	11.6%	9.6%	6.2%	9.1%	9.3%	10.3%	5.7%	7.6%	8.5%	12.0%	13.2%	13.4%	10.3%	9.4%	11.4%	10.3%	9.4%	11.5%	10.5%
American Electric Power	11.1%	11.9%	12.0%	12.4%	13.2%	13.5%	11.3%	10.5%	4.1%	12.9%	12.3%	12.4%	12.7%	11.3%	12.2%	11.7%	11.3%	12.2%	11.5%	11.5%	11.5%	12.0%	12.0%
Ameren Corp.	12.7%	12.9%	13.7%	13.1%	12.5%	10.8%	12.7%	12.5%	14.5%	14.3%	10.8%	12.2%	10.0%	10.3%	8.5%	9.3%	13.0%	10.1%	3.5%	9.5%	9.5%	9.5%	
Cleco	14.0%	12.4%	12.9%	13.4%	13.8%	12.8%	12.6%	12.9%	15.0%	14.6%	13.5%	11.5%	12.6%	11.6%	9.4%	8.2%	13.4%	10.7%	9.0%	9.5%	11.0%	11.0%	
DTE Energy	18.7%	15.3%	11.8%	13.0%	11.8%	11.9%	12.2%	12.7%	11.9%	7.6%	13.7%	9.7%	8.1%	10.2%	7.5%	7.7%	12.7%	8.6%	8.0%	8.5%	9.0%	9.0%	
Edison International	13.4%	11.8%	11.5%	11.8%	11.2%	11.8%	12.7%	13.7%	NMF	14.9%	15.4%	15.8%	3.5%	17.4%	14.9%	13.0%	12.5%	13.0%	12.5%	12.0%	10.5%	10.5%	
Empire District Electric Energy East	10.3%	9.4%	10.6%	9.4%	9.4%	9.8%	11.6%	8.4%	10.0%	4.3%	8.4%	8.7%	5.7%	6.2%	8.2%	6.9%	9.3%	7.3%	8.5%	9.5%	11.0%		
Entergy	9.9%	9.9%	5.6%	7.6%	6.7%	8.1%	7.9%	7.3%	9.6%	9.4%	10.7%	10.1%	10.3%	11.9%	14.1%	13.8%	8.5%	12.0%	16.5%	15.0%	14.0%		
FirstEnergy Corp	10.5%	11.5%	13.2%	13.2%	13.0%	11.3%	10.6%	13.0%	13.3%	12.5%	10.4%	5.0%	10.8%	10.5%	13.6%	14.9%	12.3%	11.2%	14.0%	14.0%	14.0%		
FPL Group	13.1%	13.0%	13.2%	13.7%	13.7%	13.8%	14.0%	14.0%	13.4%	14.0%	11.6%	13.5%	12.6%	11.1%	14.0%	14.0%	13.6%	13.0%	13.0%	13.5%	13.0%		
Hawaiian Electric Industries	10.9%	10.5%	11.1%	11.0%	10.5%	10.9%	11.5%	11.1%	9.8%	12.4%	11.3%	11.1%	9.3%	9.7%	9.3%	6.7%	11.0%	9.2%	9.0%	11.0%	11.0%		
IDACORP	9.0%	11.2%	10.1%	11.6%	12.1%	12.4%	12.4%	12.3%	16.7%	14.9%	7.1%	4.2%	6.2%	7.3%	9.4%	7.7%	12.3%	7.4%	7.5%	7.0%	7.0%		
MGE Corp	13.1%	13.3%	13.1%	12.5%	7.1%	12.5%	12.2%	13.0%	14.2%	13.1%	13.2%	12.5%	11.4%	9.4%	11.9%	12.1%	12.2%	11.5%	11.5%	11.5%	12.0%		
Northeast Utilities	12.0%	9.4%	12.6%	11.9%	0.1%	-2.2%	-2.3%	-7.3%	0.6%	6.4%	7.1%	5.1%	5.4%	4.5%	8.5%	3.8%	6.1%	9.0%	8.0%	8.5%	8.5%		
OGE	13.6%	11.9%	14.3%	14.4%	10.4%	7.5%	8.9%	11.2%	30.1%	-22.1%	20.5%	13.6%	11.7%	13.7%	12.8%	13.5%	14.6%	12.0%	11.0%	11.0%	11.0%		
Pinnacle West	10.7%	10.9%	10.2%	10.6%	11.2%	11.9%	11.5%	12.3%	12.4%	12.6%	8.5%	8.3%	8.2%	6.7%	9.2%	8.4%	11.5%	9.2%	7.0%	8.0%	8.0%		
PNM Resources	4.6%	8.6%	11.7%	8.5%	9.9%	10.0%	11.3%	9.1%	10.2%	15.8%	6.3%	6.7%	7.9%	8.6%	8.4%	6.1%	10.0%	7.5%	7.0%	7.0%	7.0%		
Progress Energy	15.4%	13.9%	12.3%	14.8%	15.3%	14.6%	14.4%	12.5%	5.8%	14.4%	12.5%	13.7%	11.6%	10.1%	9.4%	6.4%	13.6%	9.2%	9.0%	9.5%	9.5%		
Puget Energy	12.4%	11.0%	8.8%	10.2%	10.2%	7.4%	11.9%	11.8%	13.2%	7.8%	7.6%	7.4%	6.0%	8.4%	8.1%	8.6%	10.4%	8.1%	8.0%	9.0%	9.0%		
Southern Company	13.4%	13.4%	12.4%	13.0%	12.6%	11.4%	12.3%	13.1%	13.6%	11.9%	15.7%	15.6%	15.2%	15.0%	14.2%	14.5%	12.7%	14.9%	13.0%	13.0%	14.0%		
TECO Energy	16.1%	15.1%	14.5%	16.6%	16.5%	14.8%	13.5%	13.8%	17.4%	17.2%	13.5%	-0.7%	9.2%	14.2%	14.7%	14.3%	15.6%	10.4%	11.0%	11.5%	11.0%		
Wisconsin Energy	11.4%	11.8%	10.5%	12.9%	11.5%	3.2%	10.0%	11.3%	6.4%	10.6%	12.8%	11.8%	9.0%	11.6%	11.1%	10.6%	10.0%	10.8%	10.0%	11.0%	12.0%		
Xcel Energy Inc.	9.1%	11.3%	12.4%	13.5%	12.6%	10.3%	11.4%	8.8%	9.8%	13.2%	2.8%	10.0%	9.8%	9.1%	9.8%	9.3%	11.2%	9.6%	10.0%	10.0%	10.0%		
Mean	12.1%	11.7%	11.7%	12.2%	11.2%	10.2%	10.9%	10.9%	11.3%	12.9%	9.1%	10.1%	9.6%	10.4%	10.4%	14.6%	10.3%	10.2%	10.9%	10.4%	10.4%		
Median	12.3%	11.8%	11.9%	12.4%	11.6%	11.1%	11.5%	12.3%	12.1%	12.9%	10.7%	10.0%	9.2%	10.3%	9.6%	9.3%	12.0%	8.7%	8.6%	10.8%	10.6%		
Moody's Electric Utilities																							
American Electric Power	11.1%	12.9%	13.7%	13.1%	12.5%	10.8%	12.7%	12.5%	14.5%	14.3%	10.8%	12.2%	10.0%	10.3%	8.5%	9.3%	12.8%	10.1%	9.5%	9.5%	9.5%		
CH Energy	11.0%	11.1%	10.7%	10.7%	11.3%	10.9%	10.4%	10.2%	10.5%	10.4%	7.9%	8.1%	8.7%	8.9%	7.9%	8.2%	10.7%	8.6%	7.5%	8.0%	8.5%		
Consolidated Edison	12.0%	12.5%	13.5%	12.7%	12.2%	11.9%	11.9%	12.2%	10.7%	12.2%	11.5%	10.0%	10.2%	9.7%	10.5%	12.2%	9.3%	9.5%	9.5%	8.5%	8.5%		
Constellation Energy	9.4%	10.4%	10.6%	10.9%	9.6%	10.2%	10.5%	10.9%	11.2%	9.9%	9.6%	11.4%	12.4%	14.2%	16.2%	10.3%	13.3%	18.0%	19.0%	16.0%	16.0%		
Dominion Resources	10.7%	12.1%	10.6%	9.2%	8.8%	11.1%	6.3%	11.4%	9.3%	9.9%	14.9%	12.0%	12.3%	9.4%	14.3%	12.3%	10.0%	12.2%	17.0%	15.5%	14.5%		
DPL Inc	13.3%	14.5%	15.1%	15.2%	15.6%	15.4%	14.5%	15.2%	18.6%	26.5%	11.3%	16.1%	23.5%	11.8%	14.1%	25.9%	16.7%	15.3%	24.0%	23.5%	19.0%		
DTE Energy	18.7%	15.3%	11.8%	13.0%	11.8%	11.9%	12.2%	12.7%	11.9%	7.6%	13.7%	9.7%	8.1%	10.2%	7.5%	7.7%	12.7%	8.6%	8.0%	9.0%	9.0%		
Energy East	10.7%	9.1%	10.3%	10.6%	10.1%	9.9%	11.2%	14.4%	15.1%	13.4%	9.3%	9.1%	9.0%	9.1%	8.1%	11.5%	8.8%	8.0%	8.0%	8.0%			
Exelon	10.9%	11.9%	13.2%	13.2%	13.0%	11.3%	10.6%	13.0%	13.3%	12.5%	10.4%	6.0%	10.8%	10.5%	13.6%	14.9%	12.3%	11.2%	14.0%	14.0%			
FirstEnergy Corp	9.0%	11.2%	10.1%	11.6%	12.1%	12.4%	12.4%	12.3%	16.7%	14.9%	7.1%	4.2%	8.2%	7.3%	9.4%	7.7%	12.3%	12.4%	7.5%	7.5%			
IDACORP	12.9%	14.3%	14.6%	15.4%	15.8%	15.9%	15.9%	12.3%	10.1%	6.8%	11.4%	9.5%	5.4%	6.0%	8.3%	6.8%	13.4%	7.8%	6.5%	7.5%			
OGE Energy	10.8%	12.4%	13.3%	13.2%	13.8%	13.4%	16.3%	14.9%	14.1%	9.6%	11.1%	13.2%	12.7%	12.4%	14.5%	14.7%	13.2%	13.5%	13.0%	12.5%			
PPL Corp	13.1%	13.2%	10.6%	12.1%	12.4%	11.7%	15.8%	17.9%	26.1%	27.0%	23.6%	23.1%	18.3%	16.8%	18.4%	18.7%	16.0%	19.1%	15.5%	16.0%			
Progress Energy	15.4%	13.9%	12.3%	14.8%	15.3%	14.6%	14.4%	12.5%	9.6%	12.8%	13.7%	11.6%	10.1%	9.4%	6.4%	8.4%	13.6%	9.2%	9.0%	9.0%			
Public Service Enterprise	9.6%	13.1%	13.0%	12.4%	11.0%	10.6%	12.6%	15.4%	18.9%	18.9%	19.9%	18.3%	12.8%	14.9%	12.2%	19.9%	13.6%	15.6%	18.0%	17.0%			
Southern Company	13.4%	13.4%	12.4%	13.0%	12.6%	11.4%	12.3%	13.1%	13.6%	11.9%	15.7%	15.6%	15.2%	15.0%	14.2%	14.5%	12.7%	14.9%	13.0%	13.0%			
TECO Energy	16.1%	15.1%	14.5%	16.6%	16.5%	14.8%	13.5%	13.8%	17.4%	17.2%	13.5%	-0.7%	9.2%	14.2%	14.7%	14.3%	15.6%	10.4%	11.0%	11.5%			
Xcel Energy Inc.	9.1%	11.3%	12.4%	13.5%	12.6%	10.3%	11.4%	8.8%	9.8%	13.2%	2.8%	10.0%	9.8%	9.1%	9.8%	9.3%	11.2%	9.6%	10.0%	10.0%			
Mean	12.1%	12.7%	12.4																				

COMPARISON COMPANIES
 MARKET TO BOOK RATIOS

COMPANY	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1992-2001 Average	2002-2007 Average
Comparison Group																		
Avista Corp	151%	163%	133%	125%	145%	162%	163%	152%	317%	114%	85%	94%	111%	115%	1356%	125%	163%	360%
Empire District Electric	184%	176%	143%	142%	143%	136%	185%	177%	162%	132%	133%	144%	144%	148%	149%	150%	162%	145%
Hawaiian Electric Industries	171%	154%	141%	149%	147%	147%	154%	132%	127%	145%	153%	151%	179%	181%	192%	177%	147%	176%
PEPCO Holdings	160%	162%	135%	138%	161%	151%	161%	166%	139%	124%	110%	103%	109%	122%	129%	144%	150%	121%
Pinnacle West	116%	125%	99%	116%	133%	152%	150%	143%	145%	154%	116%	114%	130%	130%	129%	127%	136%	126%
PNM Resources	72%	84%	87%	95%	106%	106%	106%	85%	84%	123%	95%	93%	124%	147%	134%	124%	96%	124%
Westar Energy	144%	152%	130%	129%	126%	131%	128%	89%	74%	78%	67%	109%	132%	142%	139%	140%	118%	132%
Mean	143%	145%	124%	128%	136%	141%	151%	135%	154%	129%	108%	114%	133%	141%	318%	141%	138%	169%
Median	151%	154%	133%	129%	143%	147%	161%	143%	139%	124%	110%	109%	130%	142%	139%	140%	142%	132%
S&P Integrated Electric Utilities																		
ALLETE															212%	219%	195%	209%
Alliant Energy	190%	185%	154%	152%	154%	155%	158%	120%	120%	129%	110%	97%	120%	131%	155%	173%	152%	135%
American Electric Power	143%	159%	143%	156%	176%	187%	191%	154%	147%	179%	138%	124%	155%	165%	161%	190%	164%	159%
Ameren Corp.	169%	168%	160%	170%	175%	174%	180%	167%	163%	173%	163%	162%	161%	172%	164%	158%	172%	164%
Cleco	177%	175%	159%	162%	168%	171%	183%	172%	223%	224%	154%	134%	177%	177%	162%	165%	181%	163%
DTE Energy	162%	154%	120%	130%	137%	126%	165%	145%	126%	142%	145%	142%	132%	140%	134%	144%	141%	138%
Edison International	167%	172%	122%	116%	120%	158%	192%	173%	197%	128%	117%	108%	153%	205%	184%	209%	155%	174%
Empire District Electric	184%	178%	143%	142%	143%	138%	168%	177%	183%	162%	132%	133%	144%	148%	149%	150%	162%	145%
Energy East	131%	143%	105%	96%	94%	108%	169%	166%	151%	131%	121%	119%	138%	141%	123%	127%	131%	130%
Entergy	124%	137%	104%	88%	97%	95%	99%	99%	99%	118%	114%	136%	156%	194%	211%	264%	106%	192%
FirstEnergy Corp	137%	154%	131%	137%	137%	140%	165%	144%	124%	136%	131%	132%	154%	169%	195%	232%	141%	176%
FPL Group	173%	180%	151%	175%	184%	198%	234%	177%	177%	185%	160%	167%	174%	201%	203%	247%	184%	198%
Hawaiian Electric Industries	171%	154%	141%	149%	147%	147%	154%	132%	127%	145%	153%	151%	179%	181%	192%	177%	147%	176%
IDACORP	155%	172%	146%	148%	168%	177%	177%	158%	189%	185%	134%	112%	125%	122%	139%	134%	168%	126%
ICGE Corp	185%	196%	189%	183%	203%	189%	197%	177%	172%	197%	214%	223%	207%	207%	191%	178%	195%	201%
Northeast Utilities	154%	149%	127%	124%	95%	64%	91%	113%	136%	129%	99%	95%	106%	108%	131%	161%	118%	120%
PG&E	168%	175%	142%	134%	115%	123%	152%	135%	179%	136%	149%	203%	196%	179%	208%	219%	146%	201%
Pinnacle West	116%	125%	99%	116%	133%	152%	160%	143%	145%	154%	116%	114%	130%	130%	129%	127%	136%	126%
PNM Resources	72%	84%	87%	95%	106%	106%	106%	85%	84%	123%	95%	93%	124%	147%	134%	124%	96%	124%
Progress Energy	171%	192%	159%	181%	209%	207%	233%	189%	163%	164%	152%	145%	144%	137%	140%	148%	187%	143%
Puget Sound	149%	146%	112%	119%	130%	155%	170%	146%	143%	143%	126%	129%	137%	133%	129%	137%	141%	133%
Southern Company	154%	180%	161%	174%	176%	167%	198%	185%	188%	209%	230%	233%	227%	238%	229%	229%	179%	231%
TECO Energy	243%	268%	224%	238%	241%	234%	247%	210%	223%	222%	135%	111%	174%	243%	202%	188%	235%	184%
Wisconsin Energy	178%	177%	160%	172%	169%	154%	185%	152%	119%	126%	128%	147%	155%	169%	183%	173%	159%	165%
Xcel Energy Inc.	164%	165%	154%	159%	162%	165%	176%	144%	141%	163%	113%	113%	132%	139%	150%	154%	159%	138%
Mean	160%	167%	141%	147%	152%	154%	174%	154%	155%	159%	139%	136%	154%	167%	169%	176%	156%	162%
Median	166%	172%	143%	149%	151%	155%	177%	153%	149%	150%	133%	133%	154%	168%	162%	173%	166%	168%
Moody's Electric Utilities																		
American Electric Power	143%	159%	143%	156%	176%	187%	191%	154%	147%	179%	138%	124%	155%	165%	161%	190%	164%	159%
CH Energy	123%	133%	107%	112%	114%	135%	155%	133%	125%	141%	152%	147%	149%	146%	154%	145%	128%	148%
Consolidated Edison	141%	160%	125%	125%	127%	138%	186%	170%	129%	142%	144%	146%	143%	154%	149%	145%	144%	147%
Constellation Energy	128%	140%	127%	136%	142%	152%	164%	141%	193%	160%	110%	135%	157%	194%	227%	312%	148%	205%
Dominion Resources	151%	170%	152%	143%	150%	141%	160%	163%	191%	208%	158%	180%	196%	242%	239%	257%	163%	224%
DPL Inc	177%	206%	196%	213%	214%	221%	231%	215%	314%	422%	322%	241%	272%	318%	373%	415%	241%	324%
DTE Energy	162%	154%	120%	130%	137%	126%	165%	145%	126%	142%	145%	142%	132%	140%	134%	144%	141%	138%
Energy East	131%	143%	105%	96%	94%	108%	169%	166%	151%	131%	121%	119%	138%	141%	123%	127%	131%	130%
Exelon																		
FirstEnergy Corp	137%	154%	131%	137%	137%	140%	168%	144%	124%	135%	131%	132%	154%	169%	195%	232%	141%	176%
IDACORP	155%	172%	146%	148%	158%	177%	177%	158%	189%	185%	134%	112%	125%	122%	139%	134%	168%	126%
NISource	159%	189%	174%	192%	207%	227%	293%	225%	161%	153%	118%	114%	123%	126%	129%	116%	198%	121%
OGE Energy	165%	159%	147%	166%	171%	195%	222%	183%	154%	166%	147%	153%	178%	189%	204%	196%	173%	184%
PPL Corp	170%	181%	144%	138%	143%	128%	176%	232%	257%	352%	253%	239%	230%	259%	261%	314%	192%	261%
Progress Energy	171%	192%	159%	181%	209%	207%	233%	189%	163%	164%	152%	145%	144%	137%	140%	146%	187%	143%
Public Service Enterprise	139%	160%	131%	129%	129%	122%	165%	184%	201%	225%	178%	186%	191%	245%	267%	304%	158%	239%
Southern Company	154%	180%	161%	174%	176%	167%	198%	185%	188%	209%	230%	233%	227%	238%	229%	229%	179%	231%
TECO Energy	243%	268%	224%	238%	241%	234%	247%	210%	223%	222%	135%	111%	174%	243%	202%	188%	235%	184%
Xcel Energy Inc.	164%	165%	154%	159%	162%	165%	176%	144%	141%	163%	113%	113%	132%	139%	150%	154%	159%	138%
Mean	156%	171%	147%	154%	161%	165%	193%	176%	177%	195%	162%	158%	174%	196%	203%	223%	172%	191%
Composite	155%	163%	145%	146%	156%	159%	177%	177%	162%	166%	145%	145%	155%	169%	195%	190%	160%	171%

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

**STANDARD & POOR'S 500 COMPOSITE
RETURNS AND MARKET-TO-BOOK RATIOS
1992 - 2006**

YEAR	RETURN ON AVERAGE EQUITY	MARKET-TO BOOK RATIO
1992	12.2%	271%
1993	13.2%	272%
1994	16.4%	246%
1995	16.6%	264%
1996	17.1%	299%
1997	16.3%	354%
1998	14.6%	421%
1999	17.3%	481%
2000	16.2%	453%
2001	7.5%	353%
2002	8.4%	296%
2003	14.2%	278%
2004	15.0%	291%
2005	16.1%	278%
2006	17.0%	277%
Averages:		
1992-2001	14.7%	341%
2002-2006	14.1%	284%

Source: Standard & Poor's Analyst's Handbook, 2007 edition, page 1.

	Value Line				S&P	
	Safety	Beta	Fin Str	Fin Str	Stk Rnk	Stk Rnk
Comparison Group						
Avista Corp	3	0.95	B+	3.33		
Empire District Electric	3	0.85	B+	3.33		
Hawaiian Electric Industries	2	0.75	B++	3.67		
PEPCO Holdings	3	0.90	B	3.00		
Pinnacle West	1	0.80	A	4.00		
PNM Resources	2	0.90	B++	3.67		
Westar Energy	2	0.85	B++	3.67		
Average	2.3	0.86	B+/B++	3.52		

**S&P Integrated
Electric Utilities**

ALLETE	2	0.95	A	4.00		
Alliant Energy	2	0.80	A	4.00		
American Electric Power	2	0.85	B++	3.67		
Ameren Corp.	3	0.80	A	4.00		
Cleco	3	1.00	B+	3.33		
DTE Energy	3	0.75	B+	3.33		
Edison International	3	0.85	B++	3.67		
Empire District Electric	3	0.85	B+	3.33		
Energy East	2	0.75	B++	3.67		
Entergy	2	0.85	A	4.00		
FirstEnergy Corp	2	0.80	A	4.00		
FPL Group	1	0.75	A+	4.33		
Hawaiian Electric Industries	2	0.75	B++	3.67		
IDACORP	3	0.90	B+	3.33		
MGE Corp	1	0.90	A	4.00		
Northeast Utilities	3	0.75	B+	3.33		
PG&E	2	0.85	B++	3.67		
Pinnacle West	1	0.80	A	4		
PNM Resources	2	0.90	B++	3.67		
Progress Energy	2	0.80	B++	3.67		
Puget Energy	3	0.90	B+	3.33		
Southern Company	1	0.70	A	4.00		
TECO Energy	3	0.85	B	3.00		
Wisconsin Energy	2	0.80	B++	3.67		
Xcel Energy Inc.	2	0.80	B++	3.67		
Average	2.2	0.83	B++	3.69		

Moody's Electric Utilities

American Electric Power	2	0.85	B++	3.67		
CH Energy	1	0.90	A	4.00		
Consolidated Edison	1	0.75	A++	4.67		
Constellation Energy	2	0.90	A	4.00		
Dominion Resources	2	0.75	B++	3.67		
DPL Inc	3	0.75	B	3.00		
DTE Energy	3	0.75	B+	3.33		
Energy East	2	0.75	B++	3.67		
Exelon	1	0.85	A++	4.33		
FirstEnergy Corp	2	0.80	A	4.00		
IDACORP	3	0.90	B+	3.33		
NISource	3	0.90	B+	3.33		
OGE Energy	2	0.80	A	4.00		
PPL Corp	2	0.90	B++	3.67		
Progress Energy	2	0.80	B++	3.67		
Public Service Enterprise	3	0.90	B++	3.67		
Southern Company	1	0.70	A	4.00		
TECO Energy	3	0.85	B	3.00		
Xcel Energy Inc.	2	0.80	B++	3.67		
Average	2.1	0.82	B++	3.72		

RISK INDICATORS

GROUP	VALUE LINE SAFETY	VALUE LINE BETA	VALUE LINE FIN STR	S & P STK RANK
S & P's 500 Composite	2.6	1.05	B++	B+
Comparison Group	2.3	0.86	B+/B++	
S&P Integrated Electric Utilities	2.2	0.83	B++	
Moody's Electric Utilities	2.1	0.82	B++	
Puget Energy	3.0	0.90	B+	

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

Definitions:

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

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

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

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

**PUGET SOUND ENERGY, INC.
PRE-TAX COVERAGE**

ITEM	PERCENT	COST RATE	WEIGHTED COST	PRE-TAX COST
Short-Term Debt	4.93%	5.92%	0.29%	0.29%
Long-Term Debt	50.04%	6.90%	3.45%	3.45%
Preferred Stock	0.03%	8.61%	0.00%	0.00%
Common Equity	<u>45.00%</u>	10.00%	<u>4.50%</u>	<u>6.92%</u> (1)
TOTAL CAPITAL	100.00%		8.25%	10.67%

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

$$\text{Pre-tax coverage} = \frac{10.67\%}{(0.29\% + 3.97\%)} = 2.85 \text{ X}$$

Standard & Poor's Utility Benchmark Ratios:

	<u>BBB</u>
Pre-tax coverage (X) Business Position: 4	2.2 - 3.3 x

Total Debt to Total Capital (%) Business Position 4	52 - 62 %
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Note: Standard & Poor's no longer employs the pre-tax coverage ratios as one of its qualitative ratings criteria. The above-cited S&P benchmark ratios reflect the 1999 criteria reported by S&P.

Schedule 15

**RISK PREMIUM BY DECADE AS
DERIVED BY PSE WITNESS MORIN**

Year	Risk Premium	Risk Premium By Decade	Year	Risk Premium	Risk Premium By Decade
1932	-21.32%		1970	-0.93%	
1933	-22.79%		1971	-10.38%	
1934	-31.59%		1972	-2.27%	
1935	72.01%		1973	-13.87%	
1936	14.27%		1974	-28.22%	
1937	-37.48%		1975	44.15%	
1938	13.62%		1976	11.66%	
1939	3.51%	-1.22%	1977	12.32%	
1940	-25.08%		1978	-2.88%	
1941	-34.06%		1979	5.74%	1.53%
1942	20.33%		1980	12.25%	
1943	55.10%		1981	15.63%	
1944	4.01%		1982	3.61%	
1945	43.97%		1983	10.64%	
1946	9.91%		1984	8.87%	
1947	-14.14%		1985	-1.27%	
1948	5.33%		1986	2.89%	
1949	16.16%	8.15%	1987	-5.07%	
1950	7.15%		1988	6.97%	
1951	20.72%		1989	10.99%	6.55%
1952	16.32%		1990	-2.20%	
1953	6.62%		1991	9.61%	
1954	22.43%		1992	-3.65%	
1955	9.27%		1993	-4.82%	
1956	8.24%		1994	-7.31%	
1957	1.09%		1995	0.98%	
1958	42.03%		1996	3.11%	
1959	7.79%	14.17%	1997	6.25%	
1960	7.17%		1998	8.62%	
1961	33.94%		1999	-10.32%	0.03%
1962	-6.66%		2000	50.09%	
1963	8.50%		2001	-11.34%	
1964	13.16%		2002	-28.38%	
1965	2.20%		2003	21.30%	
1966	-7.93%		2004	16.64%	
1967	4.38%		2005	9.00%	
1968	9.92%				9.55%
1969	-10.60%	5.41%			

Source: Calculations made from data contained on Exhibit No. __ (RAM-7).