

UE-140762/Pacific Power & Light Company
June 19, 2014
PC Data Request 20

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RE: Direct Testimony of Kurt G. Strunk, Exhibit No. KGS-T1, p. 13, ll. 4, 5.

With regard to Mr. Strunk's Yield-Plus-Growth model:

- a) Please provide the entire list of companies included in Zack's utility industry growth rate calculation;
- b) Please explain why the companies contained in Value Line (West) were used as representative of the utility industry, rather than the companies in Mr. Strunk's sample group;
- c) Which of the companies in Value Line (West) are included in Mr. Strunk's sample group;
- d) Where in the Value Line publication is the dividend yield used by Mr. Strunk for his Yield-Plus-Growth analysis?

Response to PC Data Request 20

- a) Please see Attachment PC 20.
- b) The assumption behind the question is incorrect. The dividend yield relied upon by Mr. Strunk reflects all electric utilities covered by Value Line, not just those operating in the Western United States. Mr. Strunk uses all electric utilities because, when he applies the yield-plus-growth model, he is reading the market's expectations for the industry as a whole, not only for the screened proxy companies. The use of a yield-plus-growth model for the industry is, by its nature, a more general assessment than the specific analyses he performed on the proxy group companies. He employs such a model because investors' broad expectations for the industry influence the cost of capital for the Company.
- c) All fourteen of the companies in Value Line (West) as of January 31, 2014, are included in Mr. Strunk's initial universe of sample companies. Eight companies (AVA, BHK, EE, IDA, NWE, PNW, POR, and XEL) pass the screening analysis and are included in the proxy group.
- d) The statement "Electric utility stocks still offer attractive dividend yields—at 4.1%." appears in the left-hand column of the first page of the Value Line publication.

PREPARER: Kurt G. Strunk

SPONSOR: Kurt G. Strunk

Zacks Industry UTIL-ELEC PWR

Company	Symbol
AES CORP	AES
AES TIETE-...	AESAY
ALLETE INC...	ALE
ALLIANT EN...	LNT
AMER ELEC...	AEP
AMEREN COR...	AEE
ATLANTIC P...	AT
AVISTA COR...	AVA
BLACK HILL...	BKH
BROOKFIELD...	BIP
BROOKFLD R...	BEP
CALPINE CO...	CPN
CEMIG SA -...	CIG
CENTERPOIN...	CNP
CESP-CIA E...	CESDY
CHINA RES...	CRPJY
CLECO CORP...	CNL
CLP HLDGS-...	CLPHY
CMS ENERGY...	CMS
CONSOL EDI...	ED
COPEL-ADR...	ELP
CPFL ENERG...	CPL
DOMINION R...	D
DTE ENERGY...	DTE
DUKE ENERG...	DUK
DYNEGY INC...	DYN
EDISON INT...	EIX
EL PASO EL...	EE
ELETROBRAS...	EBR
EMPIRE DIS...	EDE
ENDESA-CHI...	EOC
ENERSIS S...	ENI
ENEVA SA	ENEVY
ENTERGY CO...	ETR
EXELON COR...	EXC
FIRSTENERG...	FE
GENIE ENER...	GNE
GREAT PLAI...	GXP
HAWAIIAN E...	HE
HUANENG PO...	HNP
IDACORP IN...	IDA
INTEGRYS E...	TEG
ITC HOLDIN...	ITC
KOREA ELEC...	KEP
MGE ENERGY...	MGEE

NATL GRID...	NGG
NEXTERA EN...	NEE
NISOURCE I...	NI
NORTHEAST...	NU
NORTHWESTE...	NWE
NRG ENERGY...	NRG
NRG YIELD...	NYLD
OGE ENERGY...	OGE
OTTER TAIL...	OTTR
PEPCO HLDG...	POM
PG&E CORP	PCG
PIKE ELECT...	PIKE
PINNACLE W...	PNW
PNM RESOUR...	PNM
PORTLAND G...	POR
POWER ASSE...	HGKGY
PPL CORP	PPL
PUBLIC SV...	PEG
SCANA CORP...	SCG
SOUTHERN C...	SO
TECO ENERG...	TE
TRACTEBEL...	TBLEY
TRANSALTA...	TAC
UIL HOLDIN...	UIL
UNITIL COR...	UTL
UNS ENERGY...	UNS
WESTAR ENE...	WR
WISC ENERG...	WEC
XCEL ENERG...	XEL