AUSLEY MCMULLEN

ATTORNEYS AND COUNSELORS AT LAW

123 SOUTH CALHOUN STREET P.O. BOX 391 (ZIP 32302) TALLAHASSEE, FLORIDA 32301 (850) 224-9115 FAX (850) 222-7560

April 9, 2021

ELECTRONIC FILING

Mr. Adam J. Teitzman, Commission Clerk Office of Commission Clerk Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, Florida 32399-0850

Re: Docket 20210034-EI, Petition for Rate Increase by Tampa Electric Company

Dear Mr. Teitzman:

Attached for filing on behalf of Tampa Electric Company in the above-referenced docket is the Direct Testimony and Exhibit of Dylan W. D'Ascendis.

Thank you for your assistance in connection with this matter.

(Document 14 of 34)

Sincerely, alis

J. Jeffry Wahlen

JJW/ne Attachment

cc: Richard Gentry, Public Counsel Jon Moyle, FIPUG

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20210034-EI

IN RE: PETITION FOR RATE INCREASE BY TAMPA ELECTRIC COMPANY

DIRECT TESTIMONY AND EXHIBIT

OF

DYLAN W. D'ASCENDIS, CRRA, CVA ON BEHALF OF TAMPA ELECTRIC COMPANY

DOCKET NO. 20210034-EI WITNESS: D'ASCENDIS FILED: 04/09/2021

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OF

DYLAN W. D'ASCENDIS, CRRA, CVA

ON BEHALF OF TAMPA ELECTRIC COMPANY

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1		BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
2		PREPARED DIRECT TESTIMONY
3		OF
4		DYLAN W. D'ASCENDIS, CRRA, CVA
5		ON BEHALF OF TAMPA ELECTRIC COMPANY
6		
7	I.	INTRODUCTION AND PURPOSE
8	Q.	Please state your name, affiliation, and business address.
9		
10	А.	My name is Dylan W. D'Ascendis. I am a Director at
11		ScottMadden, Inc. My business address is 3000 Atrium Way,
12		Suite 241, Mount Laurel, New Jersey 08054.
13		
14	Q.	On whose behalf are you submitting this testimony?
15		
16	A.	I am submitting this direct testimony before the Florida
17		Public Service Commission ("Commission") on behalf of Tampa
18		Electric Company ("Tampa Electric" or the "company").
19		
20	Q.	Please summarize your educational background and
21		professional experience.
22		
23	A.	I am a graduate of the University of Pennsylvania, where I
24		received a Bachelor of Arts degree in Economic History. I
25		have also received a Master of Business Administration with

high honors and concentrations in Finance and International Business from Rutgers University.

I have offered expert testimony on behalf of investor-owned utilities in over 25 state regulatory commissions in the United States, the Federal Energy Regulatory Commission, the Alberta Utility Commission, and one American Arbitration Association panel on issues including, but not limited to, common equity cost rate, rate of return, valuation, capital structure, class cost of service, and rate design.

On behalf of the American Gas Association ("AGA"), I calculate the AGA Gas Index, which serves as the benchmark against which the performance of the American Gas Index Fund ("AGIF") is measured on a monthly basis. The AGA Gas Index and AGIF are a market capitalization weighted index and mutual fund, respectively, comprised of the common stocks of the publicly traded corporate members of the AGA.

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I am a member of the Society of Utility and Regulatory Financial Analysts ("SURFA"). In 2011, I was awarded the professional designation of "Certified Rate of Return Analyst" by SURFA, which is based on education, experience, and the successful completion of a comprehensive written examination.

I am also a member of the National Association of Certified 1 2 Valuation Analysts ("NACVA") and was awarded the professional designation of "Certified Valuation Analyst" by 3 the NACVA in 2015. 4 5 The details of my educational background and expert witness 6 appearances are provided in Document No. 1 of Exhibit No. 7 (DWD-1). 8 9 What is the purpose of your prepared direct testimony in Q. 10 11 this proceeding? 12 The purpose of my direct testimony is to present evidence 13 Α. 14 on behalf of Tampa Electric and recommend a return on equity ("ROE") to be used for ratemaking purposes 15 in this proceeding. 16 17 Have you prepared an exhibit in support of your prepared Q. 18 direct testimony? 19 20 Yes. My analyses and conclusions are supported by the data 21 Α. presented in Document Nos. 2 through 13 of Exhibit No. (DWD-22 1), which have been prepared by me or under my direction and 23 supervision. 24 25

1 II. SUMMARY

2 Q. What is your recommended ROE for Tampa Electric? 3 I recommend that the Commission authorize Tampa Electric the 4 Α. 5 opportunity to earn an ROE of 10.75 percent on its jurisdictional rate base. The ratemaking capital structure 6 and cost of long-term debt is sponsored by Tampa Electric 7 witnesses Jeffrey S. Chronister and Kenneth McOnie. 8 9 Please summarize the support for your recommended ROE for 10 Q. 11 Tampa Electric. 12 My recommended ROE of 10.75 percent is summarized 13 Α. in 14 Document No. 2. To support my ROE recommendation, I have assessed the market-based common equity cost rates of 15 companies of relatively similar, but not 16 necessarily 17 identical, risk to Tampa Electric. Using companies of relatively comparable risk as proxies is consistent with the 18 principles of fair rate of return established by the United 19 20 States Supreme Court in two cases: (1) Federal Power Comm'n v. Hope Natural Gas Co., 320 U.S. 591 (1944) ("Hope"); and 21 (2) Bluefield Water Works Improvement Co. v. Public Serv. 22 Comm'n, 262 U.S. 679 (1923) ("Bluefield"). No proxy group 23 identical in risk single company. 24 can be to any 25 Consequently, there must be an evaluation of relative risk

between the company and the proxy group to determine if it is appropriate to adjust the proxy group's indicated rate of return.

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My recommendation results from applying several cost of 5 common equity models, specifically the Discounted Cash Flow 6 ("DCF") model, the Risk Premium Model ("RPM"), and the 7 Capital Asset Pricing Model ("CAPM"), to the market data of 8 the Utility Proxy Group whose selection criteria will be 9 discussed below. In addition, I applied the DCF model, RPM, 10 11 and CAPM to the Non-Price Regulated Proxy Group as discussed further below. The results derived from each are summarized 12 in Document No. 2. 13

As shown in Document No. 2, I adjusted the indicated common 15 equity cost rate to reflect the effect of flotation costs, 16 as well as the company's business risks associated with its 17 smaller relative size and lack of geographic diversification 18 as compared to the Utility Proxy Group. These adjustments 19 20 resulted in a company-specific indicated range of common equity cost rates between 10.30 percent and 11.30 percent. 21 Given the Utility Proxy Group and company-specific ranges 22 of common equity cost rates, and the company's high customer 23 growth and level of capital investment plans, my recommended 24 25 ROE for the company is 10.75 percent.

1	Q.	Please summarize the company's proposed capital structure.
2		
3	A.	The company is proposing a capital structure which includes
4		a 55.00 percent common equity ratio. That common equity
5		ratio is consistent with the company's historical equity
6		ratios, and the equity ratios maintained by the Utility
7		Proxy Group and their operating subsidiary utility
8		companies.
9		
10	III.	GENERAL PRINCIPLES
11	Q.	What general principles have you considered in arriving at
12		your recommended common equity cost rate of 10.75 percent?
13		
13 14	A.	In unregulated industries, marketplace competition is the
	A.	In unregulated industries, marketplace competition is the principal determinant of the price of products or services.
14	Α.	
14 15	А.	principal determinant of the price of products or services.
14 15 16	Α.	principal determinant of the price of products or services. For regulated public utilities, regulation must act as a
14 15 16 17	Α.	principal determinant of the price of products or services. For regulated public utilities, regulation must act as a substitute for marketplace competition. Assuring that a
14 15 16 17 18	Α.	principal determinant of the price of products or services. For regulated public utilities, regulation must act as a substitute for marketplace competition. Assuring that a utility can fulfill its obligations to the public, while
14 15 16 17 18 19	Α.	principal determinant of the price of products or services. For regulated public utilities, regulation must act as a substitute for marketplace competition. Assuring that a utility can fulfill its obligations to the public, while providing safe and reliable service at all times, requires
14 15 16 17 18 19 20	А.	principal determinant of the price of products or services. For regulated public utilities, regulation must act as a substitute for marketplace competition. Assuring that a utility can fulfill its obligations to the public, while providing safe and reliable service at all times, requires a level of earnings sufficient to maintain the integrity of
14 15 16 17 18 19 20 21	Α.	principal determinant of the price of products or services. For regulated public utilities, regulation must act as a substitute for marketplace competition. Assuring that a utility can fulfill its obligations to the public, while providing safe and reliable service at all times, requires a level of earnings sufficient to maintain the integrity of presently invested capital. Sufficient earnings also permit
14 15 16 17 18 19 20 21 22	Α.	principal determinant of the price of products or services. For regulated public utilities, regulation must act as a substitute for marketplace competition. Assuring that a utility can fulfill its obligations to the public, while providing safe and reliable service at all times, requires a level of earnings sufficient to maintain the integrity of presently invested capital. Sufficient earnings also permit a utility to attract needed new capital at a reasonable

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1		previously cited Hope and Bluefield cases. Consequently,
2		marketplace data must be relied on in assessing a common
3		equity cost rate appropriate for ratemaking purposes. Just
4		as the use of market data for the Utility Proxy Group adds
5		the reliability necessary to inform expert judgment in
6		arriving at a recommended common equity cost rate, the use
7		of multiple generally accepted common equity cost rate
8		models also adds reliability and accuracy when arriving at
9		a recommended common equity cost rate.
10		
11	Busi	ness Risk
12	Q.	Please define business risk and explain why it is important
13		for determining a fair rate of return.
14		
15		
	A.	The investor-required return on common equity reflects
16	A .	The investor-required return on common equity reflects investors' assessment of the total investment risk of the
16 17	A.	
	Α.	investors' assessment of the total investment risk of the
17	Α.	investors' assessment of the total investment risk of the subject firm. Total investment risk is often discussed in
17 18	Α.	investors' assessment of the total investment risk of the subject firm. Total investment risk is often discussed in
17 18 19	Α.	investors' assessment of the total investment risk of the subject firm. Total investment risk is often discussed in the context of business and financial risks.
17 18 19 20	Α.	<pre>investors' assessment of the total investment risk of the subject firm. Total investment risk is often discussed in the context of business and financial risks. Business risk reflects the uncertainty associated with</pre>
17 18 19 20 21	Α.	<pre>investors' assessment of the total investment risk of the subject firm. Total investment risk is often discussed in the context of business and financial risks. Business risk reflects the uncertainty associated with owning a company's common stock without the company's use</pre>
17 18 19 20 21 22	Α.	<pre>investors' assessment of the total investment risk of the subject firm. Total investment risk is often discussed in the context of business and financial risks. Business risk reflects the uncertainty associated with owning a company's common stock without the company's use of debt and/or preferred stock financing. One way of</pre>

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is financed with no debt.

Examples of business risks generally faced by utilities 3 include, but are not limited to, the regulatory environment, 4 mandatory environmental compliance requirements, customer 5 mix and concentration of customers, service territory 6 economic growth, market demand, risks and uncertainties of 7 supply, operations, capital intensity, size, the degree of 8 emerging technologies including operating leverage, 9 distributed energy resources, the vagaries of weather, all 10 11 of which have a direct bearing on earnings. Although analysts, including rating agencies, may categorize business 12 risks individually, as a practical matter, such risks are 13 14 interrelated and not wholly distinct from one another. Therefore, it is difficult to specifically and numerically 15 quantify the effect of any individual risk on investors' 16 required return, *i.e.*, the cost of capital. For determining 17 an appropriate return on common equity, the relevant issue 18 is where investors see the subject company as falling within 19 a spectrum of risk. To the extent investors view a company 20 as being exposed to higher risk, the required return will 21 increase, and vice versa. 22

For regulated utilities, business risks are both long-term and near-term in nature. Whereas near-term business risks

are reflected in year-to-year variability in earnings and 1 2 cash flow brought about by economic or regulatory factors, long-term business risks reflect the prospect of an impaired 3 ability of investors to obtain both a fair rate of return 4 and return of, their capital. Moreover, because 5 on, utilities accept the obligation to provide safe, adequate, 6 and reliable service at all times (in exchange for a 7 reasonable opportunity to earn a fair return on their 8 investment), they generally do not have the option to delay, 9 defer, or reject capital investments. Because those 10 11 investments are capital-intensive, utilities generally do not have the option to avoid raising external funds during 12 periods of capital market distress. 13

Because utilities invest in long-lived assets, long-term 15 business risks are of paramount concern to equity investors. 16 That is, the risk of not recovering the return on their 17 investment extends far into the future. The timing and 18 nature of events that may lead to losses, however, also are 19 uncertain and, consequently, those risks and their 20 implications for the required return on equity tend to be 21 Regulatory commissions quantify. 22 difficult to (like investors who commit their capital) must review a variety 23 of quantitative and qualitative data and apply their 24 25 reasoned judgment to determine how long-term risks weigh in

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1		their assessment of the market-required return on common
2		equity.
3		
4	Fina	ncial Risk
5	Q.	Please define financial risk and explain why it is important
6		in determining a fair rate of return.
7		
8	Α.	Financial risk is the additional risk created by the
9		introduction of debt and preferred stock into the capital
10		structure. The higher the proportion of debt and preferred
11		stock in the capital structure, the higher the financial
12		risk to common equity owners (i.e., failure to receive
13		dividends due to default or other covenants). Therefore,
14		consistent with the basic financial principle of risk and
15		return, common equity investors require higher returns as
16		compensation for bearing higher financial risk.
17		
18	Q.	Can bond and credit ratings be a proxy for a firm's combined
19		business and financial risks to equity owners (i.e.,
20		investment risk)?
21		
22	A.	Yes, similar bond ratings/issuer credit ratings reflect, and
23		are representative of, similar combined business and
24		financial risks (i.e., total risk) faced by bond investors. 1
25		Although specific business or financial risks may differ

between companies, the same bond/credit rating indicates 1 2 that the combined risks are roughly similar from а debtholder perspective. The caveat is that these debtholder 3 risk measures do not translate directly to risks for common 4 equity. 5 6 7 Q. Do rating agencies account for company size in their bond ratings? 8 9 No. Neither Standard & Poor's ("S&P") nor Moody's Investor Α. 10 11 Services ("Moody's") have minimum company size requirements for any given rating level. This means, all else being equal, 12 a relative size analysis must be conducted for equity 13 14 investments in companies with similar bond ratings. 15 IV. TAMPA ELECTRIC AND THE UTILITY PROXY GROUP 16 17 Ο. Are you familiar with the company's operations? 18 Yes. Tampa Electric's electric division provides generation, 19 Α. distribution 20 transmission, and electric service to approximately 800,000 retail customers in Florida.² Tampa 21 Electric has long-term issuer ratings of A3 from Moody's and 22 BBB+ from S&P.³ The company is not publicly traded as it 23 comprises an operating subsidiary of TECO Energy, Inc., 24 25 whose ultimate parent is Emera Incorporated ("Emera" or the

"Parent"). Emera has electric generation, transmission, and distribution operations, natural gas transmission and distribution operations, and non-regulated energy marketing operations in Canada, the United States, and the Caribbean.⁴

Page 1 of Document No. 3 contains comparative capitalization 6 and financial statistics for Tampa Electric for the years 7 2015 to 2019.⁵ During the five-year period ending 2019, the 8 historically achieved average earnings rate on book common 9 equity for the company averaged 10.77 percent. The average 10 11 common equity ratio based on total permanent capital (excluding short-term debt) was 55.44 percent, and the 12 average dividend payout ratio was 99.71 percent. 13

Total debt to earnings before interest, taxes, depreciation, and amortization for the years 2015 to 2019 ranges between 2.65 and 3.82 times, with an average of 3.10 times. Funds from operations to total debt range from 20.92 percent to 32.22 percent, with an average of 25.46 percent.

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Q. Please explain how you chose the companies in the Utility
 Proxy Group.

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A. The companies selected for the Utility Proxy Group met thefollowing criteria:

1	• They were included in the Eastern, Central, or Western
2	Electric Utility Group of Value Line (Standard Edition);
3	• They have 70.00 percent or greater of fiscal year 2019
4	total operating income derived from, and 70.00 percent or
5	greater of fiscal year 2019 total assets attributable to,
6	regulated electric operations;
7	• They are vertically integrated (<i>i.e.</i> , utilities that own
8	and operate regulated generation, transmission, and
9	distribution assets);
10	• At the time of preparation of this direct testimony, they
11	had not publicly announced that they were involved in any
12	major merger or acquisition activity (i.e., one publicly
13	traded utility merging with or acquiring another) or any
14	other major development;
15	• They have not cut or omitted their common dividends during
16	the five years ending 2019 or through the time of
17	preparation of this direct testimony;
18	• They have Value Line and Bloomberg Professional Services
19	("Bloomberg") adjusted Betas;
20	• They have positive <i>Value Line</i> five-year dividends per
21	share ("DPS") growth rate projections; and
22	• They have Value Line, Zacks, or Yahoo! Finance consensus
23	five-year earnings per share ("EPS") growth rate
24	projections.
25	

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1		The following 13 companies met these criteria: ALLETE, Inc.
2		(ALE); Alliant Energy Corporation (LNT); Ameren Corporation
3		(AEE); Duke Energy Corporation (DUK); Edison International
4		(EIX); Entergy Corporation (ETR); IDACORP, Inc. (IDA);
5		NorthWestern Corporation (NWE); OGE Energy Corporation
6		(OGE); Otter Tail Corporation (OTTR); Pinnacle West Capital
7		Corporation (PNW); Portland General Electric Company (POR);
8		and Xcel Energy, Inc. (XEL).
9		
10	Q.	Please describe Document No. 3, page 2.
11		
12	A.	Page 2 of Document No. 3 contains comparative capitalization
13		and financial statistics for the Utility Proxy Group for the
14		years 2015 to 2019.
15		
16		During the five-year period ending 2019, the historically
17		achieved average earnings rate on book common equity for the
18		Utility Proxy Group averaged 8.92 percent, the average
19		common equity ratio based on total permanent capital
20		(excluding short-term debt) was 48.93 percent, and the
21		average dividend payout ratio was 53.55 percent.
22		
23		Total debt to earnings before interest, taxes, depreciation,
24		and amortization for the years 2015 to 2019 for the Utility
25		Proxy Group ranges between 3.96 and 5.30 times, with an

average of 4.52 times. Finally, funds from operations to 1 2 total debt for the Utility Proxy Group range from 15.01 percent to 23.50 percent, with an average of 19.71 percent. 3 4 5 v. CAPITAL STRUCTURE What is Tampa Electric's requested capital structure? 6 Q. 7 The company's requested capital structure (investor sources) Α. 8 consists of 45.00 percent long-term debt and 55.00 percent 9 common equity. Tampa Electric's requested capital structure 10 11 is its projected capital structure at the end of the test year, as testified to by Mr. McOnie. 12 13 14 Q. Does Tampa Electric have a separate capital structure that is recognized by investors? 15 16 17 Α. Yes. Tampa Electric is a separate corporate entity that has its own capital structure and issues its own debt. Tampa 18 Electric's actual capital structure is 19 reflected in 20 registrations of its debt issuances with the United States Securities and Exchange Commission. 21 22 What are the typical sources of capital commonly considered 23 Q. in establishing a utility's capital structure? 24 25

A. Common equity and long-term debt are commonly considered in
 establishing a utility's capital structure because they are
 the typical sources of capital financing for a utility's
 rate base.

5 **Q.** Please explain.

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A. Long-lived assets are typically financed with long-lived securities, so that the overall term structure of the utility's long-term liabilities (both debt and equity)
closely match the life of the assets being financed. As stated by Brigham and Houston:

In practice, firms don't finance each specific asset with a type of capital that has a maturity equal to the asset's life. However, academic studies do show that most firms tend to finance short-term assets from short-term sources and long-term assets from long-term sources.⁶

Whereas short-term debt has a maturity of one year or less, long-term debt may have maturities of 30 years or longer. Although there are practical financing constraints, such as the need to "stagger" long-term debt maturities, the general objective is to extend the average life of long-term debt. Still, long-term debt has a finite life, which is likely to be less than the life of the assets included in rate base.

Common equity, on the other hand, is outstanding into 1 2 perpetuity. Thus, common equity more accurately matches the life of the going concern of the utility, which is also 3 assumed to operate in perpetuity. Consequently, it is both 4 typical and important for utilities to have significant 5 proportions of common equity in their capital structures. 6 7 Q. Why is it important that the company's requested capital 8 structure, consisting of 45.00 percent long-term debt and 9 55.00 percent common equity, be authorized in this 10 11 proceeding? 12 In order to provide safe, reliable, and affordable service 13 Α. to its customers, Tampa Electric must meet the needs and 14 serve the interests of its various stakeholders, including 15 its customers, shareholders, and bondholders. The interests 16 of these stakeholder groups are aligned with maintaining a 17 healthy balance sheet, strong credit ratings, 18 and a supportive regulatory environment, so that the company has 19 20 access to capital on reasonable terms in order to make necessary investments. 21 22 Safe and reliable service cannot be maintained at 23 а reasonable cost if utilities do not have the financial 24 25 flexibility and strength to access competitive financing

markets on reasonable terms. As Mr. McOnie explains, 1 an 2 appropriate capital structure is important not only to ensure long-term financial integrity, it also is critical 3 to enabling access to capital during constrained markets, 4 or when near-term liquidity is needed to fund extraordinary 5 requirements. In that respect, the capital structure, and 6 the financial strength it engenders, must support both 7 normal circumstances and periods of market uncertainty. The 8 authorization of a capital structure that understates the 9 company's actual common equity will weaken the financial 10 11 condition of its operations and adversely impact the company's ability to address expenses and investments, to 12 the detriment of customers and shareholders. Safe 13 and 14 reliable service for customers cannot be sustained over the long term if the interests of shareholders and bondholders 15 are minimized such that the public interest 16 is not 17 optimized.

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- 19 Q. How does the company's requested common equity ratio of 20 55.00 percent compare with the common equity ratios 21 maintained by the Utility Proxy Group?
- A. The company's requested ratemaking common equity ratio of
 55.00 percent is reasonable and consistent with the range
 of common equity ratios maintained by the Utility Proxy

Group. As shown on pages 3 and 4 of Document No. 3, common 1 2 equity ratios of the Utility Proxy Group companies range from 36.11 percent to 58.04 percent for fiscal year 2019. 3 4 Ι also considered the Value *Line* projected capital 5 structures for the Utility Proxy Group companies for 2023-6 2025. That analysis shows a range of projected common equity 7 ratios between 37.50 percent and 59.00 percent (see, pages 8 2 through 14 of Document No. 4). 9 10 11 In addition to comparing the company's actual common equity ratio with current and projected common equity ratios 12 maintained by the Utility Proxy Group companies, I also 13 compared the company's actual common equity ratio with the 14 maintained utility operating equity ratios by the 15 subsidiaries of the Utility Proxy Group companies. As shown 16 17 on page 5 of Document No. 3, common equity ratios of the utility operating subsidiaries of the Utility Proxy Group 18 range from 47.47 percent to 65.22 percent for fiscal year 19 2019. 20 21 Q. Electric's equity ratio 55.00 22 Is Tampa of percent appropriate for ratemaking purposes given these measures 23 cited above? 24 25

1	A.	Yes, it is. The company's equity ratio of 55.00 percent is
2		appropriate for ratemaking purposes in the current
3		proceeding because it is within the range of the common
4		equity ratios currently maintained, and expected to be
5		maintained, by the Utility Proxy Group and their utility
6		operating subsidiaries.
7		
8	VI.	COMMON EQUITY COST RATE MODELS
9	Disc	ounted Cash Flow Model
10	Q.	What is the theoretical basis of the DCF model?
11		
12	А.	The theory underlying the DCF model is that the present
13		value of an expected future stream of net cash flows during
14		the investment holding period can be determined by
15		discounting those cash flows at the cost of capital, or the
16		investors' capitalization rate. DCF theory indicates that
17		an investor buys a stock for an expected total return rate,
18		which is derived from the cash flows received from dividends
19		and market price appreciation. Mathematically, the dividend
20		yield on market price plus a growth rate equals the
21		capitalization rate, i.e., the total common equity return
22		rate expected by investors.
23		
24	Q.	Which version of the DCF model did you rely on?
25		

1	A.	I used the single-stage constant growth DCF model in my
2		analyses.
3		
4	Q.	Please describe the dividend yield you used in applying the
5	-	constant growth DCF model.
6		
7	A.	The unadjusted dividend yields are based on the Utility
	л.	
8		Proxy Group companies' dividends as of January 29, 2021,
9		divided by the average closing market price for the 60
10		trading days ended January 29, 2021 (see, Column 1, page 1
11		of Document No. 4).
12		
13	Q.	Please explain your adjustment to the dividend yield.
14		
15	A.	Because dividends are paid periodically (e.g., quarterly),
16		as opposed to continuously (daily), an adjustment must be
17		made to the dividend yield. This is often referred to as the
18		discrete, or the Gordon Periodic, version of the DCF model.
19		
20		DCF theory calls for using the full growth rate, or D_1 , in
21		calculating the model's dividend yield component. Since the
22		companies in the Utility Proxy Group increase their
23		quarterly dividends at various times during the year, a
24		reasonable assumption is to reflect one-half of the annual
25		dividend growth rate in the dividend yield component, or

 $D_{1/2}$. Because the dividend should be representative of the 1 2 next 12-month period, this adjustment is a conservative approach that does not overstate the dividend yield. 3 Therefore, the actual average dividend yields in Column 1, 4 page 1 of Document No. 4 were adjusted upward to reflect 5 one-half of the average projected growth rate shown in 6 Column 6. 7 8 Please explain the basis for the growth rates you apply to Q. 9 the Utility Proxy Group in your constant growth DCF model. 10 11 Investors with more limited resources than institutional 12 Α. investors are likely to rely on widely available financial 13

information services, such as Value Line, Zacks, and Yahoo! 14 Finance. Investors realize that analysts have significant 15 insight into the dynamics of the industries and individual 16 17 companies they analyze, as well as companies' abilities to effectively manage the effects of changing laws 18 and ever-changing economic 19 regulations, and and market 20 conditions. For these reasons, I used analysts' five-year forecasts of EPS growth in my DCF analysis. 21

Over the long run, there can be no growth in DPS without growth in EPS. Security analysts' earnings expectations have a more significant influence on market prices than dividend

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expectations. Thus, using projected earnings growth rates in a DCF analysis provides a better match between investors' market price appreciation expectations and the growth rate component of the DCF.

Q. Please summarize the constant growth DCF model results.

Α. As shown on page 1 of Document No. 4, the application of the 8 constant growth DCF model to the Utility Proxy Group results 9 in a wide range of indicated ROEs from 6.28 percent to 11.20 10 11 percent. The adjusted mean of those results is 9.03 percent, the adjusted median result is 8.85 percent, and the average 12 of the two is 8.94 percent. In arriving at a conclusion for 13 14 the constant growth DCF-indicated common equity cost rate for the Utility Proxy Group, I relied on an average of the 15 mean and the median results of the DCF. 16

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18 **The Risk Premium Model**

19 **Q.** Please describe the theoretical basis of the RPM.

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The RPM is based on the fundamental financial principle of 21 Α. risk and return; namely, that investors require greater 22 returns for bearing greater risk. The RPM recognizes that 23 common equity capital has greater investment risk than debt 24 25 capital, as common equity shareholders are behind

debtholders in any claim on a company's assets and earnings. As a result, investors require higher returns from common stocks than from bonds to compensate them for bearing the additional risk.

While it is possible to directly observe bond returns and 6 yields, the investors' required common equity returns cannot 7 be directly determined or observed. According to RPM theory, 8 one can estimate a common equity risk premium over bonds 9 (either historically or prospectively) and use that premium 10 11 to derive a cost rate of common equity. The cost of common equity equals the expected cost rate for long-term debt 12 capital, plus a risk premium over that cost rate, to 13 14 compensate common shareholders for the added risk of being unsecured and last-in-line for any claim on 15 the corporation's assets and earnings upon liquidation. 16

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18 Q. Please explain how you derived your indicated cost of common
19 equity based on the RPM.

20

A. To derive my indicated cost of common equity under the RPM, I used two risk premium methods. The first method was the Predictive Risk Premium Model ("PRPM"), and the second method was a risk premium model using a total market approach. The PRPM estimates the risk-return relationship

	1	
1		directly, while the total market approach indirectly derives
2		a risk premium by using known metrics as a proxy for risk.
3		
4	Q.	Please explain the first risk premium method (i.e., the
5		PRPM).
6		
7	A.	The PRPM, published in the Journal of Regulatory Economics, 7
8		was developed from the work of Robert F. Engle III, who
9		shared the Nobel Prize in Economics in 2003 "for methods of
10		analyzing economic time series with time-varying volatility"
11		or ARCH. 8 Engle found that volatility changes over time and
12		is related from one period to the next, especially in
13		financial markets. Furthermore, Engle discovered that the
14		volatility of prices and returns cluster over time and is,
15		therefore, highly predictable and can be used to predict
16		future levels of risk and risk premiums.
17		
18		The PRPM estimates the risk-return relationship directly,
19		as the predicted equity risk premium is generated by
20		predicting volatility or risk. The PRPM is not based on an
21		estimate of investor behavior, but rather on an evaluation
22		of the results of that behavior (i.e., the variance of
23		historical equity risk premiums).
24		
25		The inputs to the model are the historical returns on the

common shares of each Utility Proxy Group company minus the 1 historical monthly yield on long-term United States Treasury 2 securities through January 2021. Using a generalized form 3 of ARCH, known as GARCH, I calculated each Utility Proxy 4 Group company's projected equity risk premium using Eviews© 5 statistical software. When the GARCH model is applied to the 6 historical return data, it produces a predicted GARCH 7 variance series (see, Columns 1 and 2, page 2 of Document 8 No. 5) and a GARCH coefficient (see, Column 4, page 2 of 9 Document No. 5). Multiplying the predicted monthly variance 10 by the GARCH coefficient and then annualizing it⁹ produces 11 the predicted annual equity risk premium. I then added the 12 forecasted 30-year U.S. Treasury bond yield of 2.31 percent 13 14 (see, Column 6, page 2 of Document No. 5.) to each company's PRPM-derived equity risk premium to arrive at an indicated 15 cost of common equity. The 30-year U.S. Treasury bond yield 16 is a consensus forecast derived from Blue Chip Financial 17 Forecasts ("Blue Chip").¹⁰ 18

19

As shown on page 2 of Document No. 5, the mean PRPM indicated common equity cost rate for the Utility Proxy Group is 10.47 percent, the median is 10.24 percent, and the average of the two is 10.36 percent. Consistent with my reliance on the average of the median and mean results of the DCF models, I relied on the average of the mean and median results of the

1		Utility Proxy Group PRPM to calculate a cost of common equity
2		rate of 10.36 percent.
3		
4	Q.	Please explain the second risk premium method (<i>i.e.</i> , the
5		total market approach RPM).
6		
7	A.	The total market approach RPM adds a prospective public
8		utility bond yield to an average of: (1) an equity risk
9		premium that is derived from a Beta-adjusted total market
10		equity risk premium, (2) an equity risk premium based on the
11		S&P Utilities Index, and (3) an equity risk premium based
12		on authorized ROEs for electric utilities.
13		
14	Q.	Please explain the basis of the expected bond yield of 3.66
15		percent applicable to the Utility Proxy Group.
16		
17	A.	The first step in the total market approach RPM analysis is
18		to determine the expected bond yield. Because both
19		ratemaking and the cost of capital, including the common
20		equity cost rate, are prospective in nature, a prospective
21		yield on similarly-rated long-term debt is essential. I
22		relied on a consensus forecast of about 50 economists of the
23		expected yield on Aaa-rated corporate bonds for the six
		aslandar guarters and ing with the second colordar guarter
24		calendar quarters ending with the second calendar quarter

2026, and 2027 to 2031. As shown on line 1, page 3 of 1 2 Document No. 5, the average expected yield on Moody's Aaarated corporate bonds is 3.06 percent. In order to adjust 3 the expected Aaa-rated corporate bond yield to an equivalent 4 A2-rated public utility bond yield, I made an upward 5 adjustment of 0.50 percent, which represents a recent spread 6 between Aaa-rated corporate bonds and A2-rated public 7 utility bonds (as shown on line 2 and explained in note 2 8 on page 3 of Document No. 5). Adding that recent 0.50 percent 9 spread to the expected Aaa-rated corporate bond yield of 10 11 3.06 percent results in an expected A2-rated public utility bond yield of 3.56 percent. Since the Utility Proxy Group's 12 average Moody's long-term issuer rating is A3, another 13 14 adjustment to the expected A2-rated public utility bond is needed to reflect this difference in bond ratings. An upward 15 adjustment of 0.10 percent, which represents one-third of a 16 recent spread between A2-rated and Baa2-rated public utility 17 bond yields, is necessary to make the A2 prospective bond 18 yield applicable to an A3-rated public utility bond (as 19 20 shown on line 4 and explained in note 3 on page 3 of Document 5). Adding the 0.10 percent to the 3.56 percent 21 No. prospective A2-rated public utility bond yield results in a 22 3.66 percent expected bond yield applicable to the Utility 23 Proxy Group as shown on page 3 of Document No. 5. 24

25

Q. Please explain how the Beta-derived equity risk premium is
 determined.

The components of the Beta-derived risk premium model are: Α. 4 5 (1) an expected market equity risk premium over corporate bonds, and (2) the Beta coefficient. The derivation of the 6 Beta-derived equity risk premium that I applied to the 7 Utility Proxy Group is shown on lines 1 through 9, on page 8 8 of Document No. 5. The total Beta-derived equity risk 9 premium I applied is based on an average of three historical 10 11 market data-based equity risk premiums, two Value Line-based equity risk premiums, and a Bloomberg-based equity risk 12 premium. Each of these is described below. 13

14

3

15 Q. How did you derive a market equity risk premium based on
 16 long-term historical data?

17

To derive an historical market equity risk premium, I used Α. 18 the most recent holding period returns for the large company 19 common stocks from the Stocks, Bonds, Bills, and Inflation 20 ("SBBI") Yearbook 2020 ("SBBI - 2020")¹¹ less the average 21 historical yield on Moody's Aaa/Aa-rated corporate bonds for 22 the period 1928 to 2019. Using holding period returns over 23 a long period of time is appropriate because it is consistent 24 25 with the long-term investment horizon presumed by investing

in a going concern, *i.e.*, a company expected to operate in perpetuity.

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SBBI's long-term arithmetic mean monthly total return rate on large company common stocks was 11.83 percent and the long-term arithmetic mean monthly yield on Moody's Aaa/Aarated corporate bonds was 6.05 percent (as explained in note 1, page 9 of Document No. 5). As shown on line 1, page 8 of Document No. 5, subtracting the mean monthly bond yield from the total return on large company stocks results in a longterm historical equity risk premium of 5.78 percent.

I used the arithmetic mean monthly total return rates for 13 14 the large company stocks and yields (income returns) for the Moody's Aaa/Aa corporate bonds, because they are appropriate 15 for the purpose of estimating the cost of capital as noted 16 in SBBI - 2020.12 Using the arithmetic mean return rates and 17 yields is appropriate because historical total returns and 18 equity risk premiums provide insight into the variance and 19 20 standard deviation of returns needed by investors in estimating future risk when making a current investment. If 21 investors relied on the geometric mean of historical equity 22 risk premiums, they would have no insight into the potential 23 variance of future returns, because the geometric mean 24 25 relates the change over many periods to a constant rate of

	1	
1		change, thereby obviating the year-to-year fluctuations, or
2		variance, which is critical to risk analysis.
3		
4	Q.	Please explain the derivation of the regression-based market
5		equity risk premium.
6		
7	A.	To derive the regression-based market equity risk premium
8		of 9.30 percent shown on line 2, page 8 of Document No. 5,
9		I used the same monthly annualized total returns on large
10		company common stocks relative to the monthly annualized
11		yields on Moody's Aaa/Aa-rated corporate bonds as mentioned
12		above. I modeled the relationship between interest rates and
13		the market equity risk premium using the observed monthly
14		market equity risk premium as the dependent variable, and
15		the monthly yield on Moody's Aaa/Aa-rated corporate bonds
16		as the independent variable. I then used a linear Ordinary
17		Least Squares ("OLS") regression, in which the market equity
18		risk premium is expressed as a function of the Moody's
19		Aaa/Aa-rated corporate bonds yield:
20		
21		$RP = \alpha + \beta (R_{Aaa/Aa})$
22		
23	Q.	Please explain the derivation of the PRPM equity risk
24		premium.
25		

	1	
1	A.	I applied the same PRPM approach described above to the PRPM
2		equity risk premium. The inputs to the model are the
3		historical monthly returns on large company common stocks
4		minus the monthly yields on Moody's Aaa/Aa-rated corporate
5		bonds during the period from January 1928 through January
6		2021. ¹³ Using the previously discussed generalized form of
7		ARCH, known as GARCH, the projected equity risk premium is
8		determined using Eviews $^{\odot}$ statistical software. The resulting
9		PRPM predicted a market equity risk premium of 9.65 percent
10		(see, line 3, page 8 of Document No. 5).
11		
12	Q.	Please explain the derivation of a projected equity risk
13		premium based on Value Line data for your RPM analysis.
14		
15	Α.	As noted above, because both ratemaking and the cost of
16		capital are prospective, a prospective market equity risk
17		premium is needed. The derivation of the forecasted or
18		prospective market equity risk premium can be found in note
19		4, page 9 of Document No. 5. Consistent with my calculation
20		of the dividend yield component in my DCF analysis, this
21		prospective market equity risk premium is derived from an
22		average of the three- to five-year median market price
23		appreciation potential by Value Line for the 13 weeks ended
24		January 29, 2021, plus an average of the median estimated
25		dividend yield for the common stocks of the 1,700 firms

covered in Value Line (as explained in note 1, page 2 of 1 2 Document No. 6). 3 The average median expected price appreciation is 35.00 4 percent, which translates to а 7.79 percent annual 5 appreciation, and when added to the average of Value Line's 6 median expected dividend yields of 2.04 percent, equates to 7 a forecasted annual total return rate on the market of 9.83 8 percent. The forecasted Moody's Aaa-rated corporate bond 9 yield of 3.06 percent is deducted from the total market 10 11 return of 9.83 percent, resulting in an equity risk premium of 6.77 percent, as shown on line 4, page 8 of Document No. 12 5. 13 14 Please explain the derivation of an equity risk premium Q. 15 based on the S&P 500 companies. 16 17 Using data from Value Line, I calculated an expected total Α. 18 return on the S&P 500 companies using expected dividend 19 20 yields and long-term growth estimates as a proxy for capital appreciation. The expected total return for the S&P 500 is 21 14.10 percent. Subtracting the prospective yield on Moody's 22 Aaa-rated corporate bonds of 3.06 percent results in a 11.04 23 percent projected equity risk premium as shown on line 5, 24 page 8 of Document No. 5. 25

Please explain the derivation of an equity risk premium Ο. 1 2 based on Bloomberg data. 3 Using data from Bloomberg, I calculated an expected total 4 Α. 5 return on the S&P 500 using expected dividend yields and long-term growth estimates as а proxy for capital 6 7 appreciation, identical to the method described above. The expected total return for the S&P 500 is 17.78 percent. 8 Subtracting the prospective yield on Moody's Aaa-rated 9 corporate bonds of 3.06 percent results in a 14.72 percent 10 11 projected equity risk premium as shown on line 6, page 8 of Document No. 5. 12 13 14 Q. What is your conclusion of a Beta-derived equity risk premium for use in your RPM analysis? 15 16 17 Α. I gave equal weight to all six equity risk premiums based on each source - historical, Value Line, and Bloomberg - in 18 arriving at a 9.54 percent equity risk premium as shown on 19 20 line 7, page 8 of Document No. 5. 21 After calculating the average market equity risk premium of 22 9.54 percent, I adjusted it by the Beta coefficient to 23 account for the risk of the Utility Proxy Group. As discussed 24 below, the Beta coefficient is a meaningful measure of 25

prospective relative risk to the market as a whole, and is 1 2 a logical way to allocate a company's, or proxy group's, share of the market's total equity risk premium relative to 3 corporate bond yields. As shown on page 1 of Document No. 4 6, the average of the mean and median Beta coefficient for 5 the Utility Proxy Group is 0.96. Multiplying the 0.96 6 average Beta coefficient by the market equity risk premium 7 of 9.54 percent results in a Beta-adjusted equity risk 8 premium for the Utility Proxy Group of 9.16 percent (see 9 line 9, page 8 of Document No. 5). 10 11 How did you derive the equity risk premium based on the S&P 12 Q. Utility Index and Moody's A-rated public utility bonds? 13 14 I estimated three equity risk premiums based on the S&P Α. 15 Utility Index holding period returns, and two equity risk 16 premiums based on the expected returns of the S&P Utilities 17 Index, using Value Line and Bloomberg data, respectively. 18 Turning first to the S&P Utility Index holding period 19 returns, I derived a long-term monthly arithmetic mean 20 equity risk premium between the S&P Utility Index total 21 returns of 10.74 percent and monthly Moody's A-rated public 22 utility bond yields of 6.53 percent from 1928 to 2019 to 23 arrive at an equity risk premium of 4.21 percent (as shown 24 25 on line 1, page 12 of Document No. 5.). I then used the same

historical data to derive an equity risk premium of 6.83 1 2 percent based on a regression of the monthly equity risk premiums (as shown on line 2, page 12 of Document No. 5). 3 The final S&P Utility Index holding period equity risk 4 premium involved applying the PRPM using the historical 5 monthly equity risk premiums from January 1928 to January 6 2021 to arrive at a PRPM-derived equity risk premium of 5.59 7 percent for the S&P Utility Index (as shown on line 3, page 8 12 of Document No. 5). 9

I then derived expected total returns on the S&P Utilities 11 Index of 10.36 percent and 7.67 percent using data from 12 Value Line and Bloomberg, respectively, and subtracted the 13 14 prospective Moody's A2-rated public utility bond yield of 3.56 percent (derived on line 3, page 3 of Document No. 5), 15 which resulted in equity risk premiums of 6.80 percent and 16 4.11 percent, respectively (as shown on lines 4 and 5, 17 respectively, on page 12 of Document No. 5). As with the 18 market equity risk premiums, I averaged each risk premium 19 based on each source (i.e., historical, Value Line, and 20 Bloomberg) to arrive at my utility-specific equity risk 21 premium of 5.51 percent as shown on line 6, page 12 of 22 Document No. 5. 23

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25

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Q. How do you derive an equity risk premium of 5.92 percent

2

based on authorized ROEs for electric utilities?

The equity risk premium of 5.92 percent shown on line 3, 3 Α. page 7 of Document No. 5 is the result of a regression 4 analysis based on regulatory awarded ROEs related to the 5 yields on Moody's A2-rated public utility bonds. That 6 analysis is shown on page 13 of Document No. 5. Page 13 of 7 Document No. 5 contains the graphical results of 8 а regression analysis of 1,179 rate cases for electric 9 utilities which were fully litigated during the period from 10 11 January 1, 1980, through January 29, 2021. It shows the implicit equity risk premium relative to the yields on A2-12 rated public utility bonds immediately prior to the issuance 13 14 of each regulatory decision. It is readily discernible that there is an inverse relationship between the yield on A2-15 rated public utility bonds and equity risk premiums. In 16 other words, as interest rates decline, the equity risk 17 premium rises and vice versa, a result consistent with 18 financial literature on the subject.¹⁴ I used the regression 19 20 results to estimate the equity risk premium applicable to the projected yield on Moody's A2-rated public utility 21 bonds. Given the expected A2-rated utility bond yield of 22 3.56 percent, it can be calculated that the indicated equity 23 risk premium applicable to that bond yield is 5.92 percent, 24 which is shown on line 3, page 7 of Document No. 5. 25

	1	
1	Q.	What is your conclusion of an equity risk premium for use
2		in your total market approach RPM analysis?
3		
4	Α.	The equity risk premium I apply to the Utility Proxy Group
5		is 6.86 percent, which is the average of the Beta-adjusted
6		equity risk premium for the Utility Proxy Group, the S&P
7		Utilities Index, and the authorized return utility equity
8		risk premiums of 9.16 percent, 5.51 percent, and 5.92
9		percent, respectively, as shown on page 7 of Document No.
10		5.
11		
12	Q.	What is the indicated RPM common equity cost rate based on
13		the total market approach?
14		
15	A.	As shown on line 7, page 3 of Document No. 5, I calculated
16		a common equity cost rate of 10.52 percent for the Utility
17		Proxy Group based on the total market approach RPM.
18		
19	Q.	What are the results of your application of the PRPM and the
20		total market approach RPM?
21		
22	A.	As shown on page 1 of Document No. 5, the indicated RPM-
23		derived common equity cost rate is 10.44 percent, which
24		gives equal weight to the PRPM (10.36 percent) and the
25		adjusted-market approach results (10.52 percent).

The Capital Asset Pricing Model 1 2 Q. Please explain the theoretical basis of the CAPM. 3 theory defines risk as the co-variability of a Α. CAPM 4 5 security's returns with the market's returns as measured by the Beta coefficient (β). A Beta coefficient less than 1.0 6 indicates lower variability than the market as a whole, 7 while a Beta coefficient greater than 1.0 indicates greater 8 variability than the market. 9 10 11 The CAPM assumes that all non-market or unsystematic risk can be eliminated through diversification. The risk that 12 cannot be eliminated through diversification is called 13 14 market, or systematic, risk. In addition, the CAPM presumes that investors only require compensation for systematic 15 risk, which is the result of macroeconomic and other events 16 that affect the returns on all assets. The model is applied 17 by adding a risk-free rate of return to a market risk 18 premium, which is adjusted proportionately to reflect the 19 20 systematic risk of the individual security relative to the total market as measured by the Beta coefficient. 21 The traditional CAPM model is expressed as: 22 23 $R_s = R_f + \beta (R_m - R_f)$ 24 R_{s} 25 Where: = Return rate on the common stock;

1	R _f = Risk-free rate of return;
2	R_m = Return rate on the market as a whole;
3	and
4	β = Adjusted Beta coefficient (volatility
5	of the security relative to the market
6	as a whole)
7	
8	Numerous tests of the CAPM have measured the extent to which
9	security returns and Beta coefficients are related as
10	predicted by the CAPM, confirming its validity. The
11	empirical CAPM ("ECAPM") reflects the reality that while the
12	results of these tests support the notion that the Beta
13	coefficient is related to security returns, the empirical
14	Security Market Line ("SML") described by the CAPM formula
15	is not as steeply sloped as the predicted SML. 15
16	
17	The ECAPM reflects this empirical reality. Fama and French
18	clearly state regarding the figure in Document No. 12, that
19	"[t]he returns on the low beta portfolios are too high, and
20	the returns on the high beta portfolios are too low." 16
21	
22	In addition, Morin observes that while the results of these
23	tests support the notion that Beta is related to security
24	returns, the empirical SML described by the CAPM formula is
25	not as steeply sloped as the predicted SML. Morin states:

With few exceptions, the empirical studies agree that 1 2 ... low-beta securities earn returns somewhat higher than the CAPM would predict, and high-beta securities earn 3 less than predicted.¹⁷ 4 * * 5 Therefore, the empirical evidence suggests that the 6 expected return on a security is related to its risk 7 by the following approximation: 8 $R_{F} + x (R_{M} - R_{F}) + (1-x) \beta (R_{M} - R_{F})$ Κ 9 10 11 where x is a fraction to be determined empirically. The value of x that best explains the observed relationship 12 [is] Return = $0.0829 + 0.0520 \beta$ is between 0.25 and 13 0.30. If x = 0.25, the equation becomes: 14 $K = R_F + 0.25 (R_M - R_F) + 0.75 \beta (R_M - R_F)^{18}$ 15 16 Fama and French provide similar support for the ECAPM when 17 they state: 18 The early tests firmly reject the Sharpe-Lintner 19 20 version of the CAPM. There is a positive relation between beta and average return, but it is too 'flat.'... 21 The regressions consistently find that the intercept 22 is greater than the average risk-free rate... and the 23 coefficient on beta is less than the average excess 24 25 market return... This is true in the early tests... as well

1		as in more recent cross-section regressions tests, like
2		Fama and French (1992). ¹⁹
3		
4		Finally, Fama and French further note:
5		Confirming earlier evidence, the relation between beta
6		and average return for the ten portfolios is much
7		flatter than the Sharpe-Linter CAPM predicts. The
8		returns on low beta portfolios are too high, and the
9		returns on the high beta portfolios are too low. For
10		example, the predicted return on the portfolio with the
11		lowest beta is 8.3 percent per year; the actual return
12		as 11.1 percent. The predicted return on the portfolio
13		with the highest beta is 16.8 percent per year; the
14		actual is 13.7 percent. ²⁰
15		
16		Clearly, the justification from Morin, Fama, and French,
17		along with their reviews of other academic research on the
18		CAPM, validate the use of the ECAPM. In view of theory and
19		practical research, I have applied both the traditional CAPM
20		and the ECAPM to the companies in the Utility Proxy Group
21		and averaged the results.
22		
23	Q.	What Beta coefficients did you use in your CAPM analysis?
24		
25	A.	For the Beta coefficients in my CAPM analysis, I considered

two sources: Value Line and Bloomberg. While both of those 1 2 services adjust their calculated (or "raw") Beta coefficients to reflect the tendency of the Beta coefficient 3 to regress to the market mean of 1.00, Value Line calculates 4 the Beta coefficient over a five-year period, while 5 Bloomberg calculates it over a two-year period. 6 7 Q. Please describe your selection of a risk-free rate of 8 return. 9 10 11 Α. As shown in Column 5, page 1 of Document No. 6, the riskfree rate adopted for both applications of the CAPM is 2.31 12 percent. This risk-free rate is based on the average of the 13 14 Blue Chip consensus forecast of the expected yields on 30year U.S. Treasury bonds for the six quarters ending with 15 second calendar quarter of 2022, and 16 the long-term 17 projections for the years 2022 to 2026 and 2027 to 2031. 18 Why is the yield on 19 Q. long-term U.S. Treasury bonds 20 appropriate for use as the risk-free rate? 21 The yield on long-term U.S. Treasury bonds is almost risk-Α. 22 free and its term is consistent with the long-term cost of 23 capital of public utilities measured by the yields on 24 25 Moody's A-rated public utility bonds; the long-term

investment horizon inherent in utilities' common stocks; and 1 2 the long-term life of the jurisdictional rate base to which the allowed fair rate of return (i.e., cost of capital) will 3 be applied. In contrast, short-term U.S. Treasury yields are 4 more volatile and largely a function of Federal Reserve 5 monetary policy. 6 7 Q. Please explain the estimation of the expected risk premium 8 for the market used in your CAPM analyses. 9 10 11 Α. The basis of the market risk premium is explained in detail in note 1, page 2 of Document No. 6. As discussed above, the 12 market risk premium is derived from an average of three 13 14 historical data-based market risk premiums, two Value Line data-based market risk premiums, and one Bloomberg data-15 based market risk premium. 16 17 The long-term income return on U.S. Government securities 18 of 5.09 percent was deducted from the SBBI - 2020 monthly 19 20 historical total market return of 12.10 percent, which results in an historical market equity risk premium of 7.01 21 percent.²¹ I applied a linear OLS regression to the monthly 22 annualized historical returns on the S&P 500 relative to 23 historical yields on long-term U.S. Government securities 24 25 from SBBI - 2020. That regression analysis yielded a market

equity risk premium of 9.98 percent. The PRPM market equity risk premium is 10.76 percent and is derived using the PRPM relative to the yields on long-term U.S. Treasury securities from January 1926 through January 2021.

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The Value Line-derived forecasted total market equity risk 6 premium is derived by deducting the forecasted risk-free 7 rate of 2.31 percent, discussed above, from the Value Line 8 projected total annual market return of 9.83 percent, 9 resulting in a forecasted total market equity risk premium 10 11 of 7.52 percent. The S&P 500 projected market equity risk premium using Value Line data is derived by subtracting the 12 projected risk-free rate of 2.31 percent from the projected 13 total return of the S&P 500 of 14.10 percent. The resulting 14 market equity risk premium is 11.79 percent. 15

The S&P 500 projected market equity risk premium using 17 Bloomberg data is derived by subtracting the projected risk-18 free rate of 2.31 percent from the projected total return 19 20 of the S&P 500 of 17.78 percent. The resulting market equity risk premium is 15.47 percent. These six measures, when 21 averaged, result in an average total market equity risk 22 premium of 10.42 percent as shown on page 2 of Document No. 23 6. 24

25 **Q.** What are the results of your application of the traditional

	1	
1		and empirical CAPM to the Utility Proxy Group?
2		
3	A.	As shown on page 1 of Document No. 6, the adjusted mean
4		result of my CAPM/ECAPM analyses is 12.44 percent, the
5		adjusted median is 12.28 percent, and the average of the two
6		is 12.36 percent. Consistent with my reliance on the average
7		of mean and median DCF results discussed above, the
8		indicated common equity cost rate using the CAPM/ECAPM is
9		12.36 percent.
10		
11	Comm	non Equity Cost Rates for a Proxy Group of Domestic, Non-Price
12	Regu	lated Companies Based on the DCF, RPM, and CAPM
13	Q.	Why do you also consider a proxy group of domestic, non-
	~	
14		price regulated companies?
14	A.	
14 15		price regulated companies?
14 15 16		price regulated companies? In the <i>Hope</i> and <i>Bluefield</i> cases, the U.S. Supreme Court did
14 15 16 17		price regulated companies? In the <i>Hope</i> and <i>Bluefield</i> cases, the U.S. Supreme Court did not specify that comparable risk companies had to be
14 15 16 17 18		price regulated companies? In the <i>Hope</i> and <i>Bluefield</i> cases, the U.S. Supreme Court did not specify that comparable risk companies had to be utilities. Since the purpose of rate regulation is to be a
14 15 16 17 18 19		price regulated companies? In the <i>Hope</i> and <i>Bluefield</i> cases, the U.S. Supreme Court did not specify that comparable risk companies had to be utilities. Since the purpose of rate regulation is to be a substitute for marketplace competition, non-price regulated
14 15 16 17 18 19 20		price regulated companies? In the <i>Hope</i> and <i>Bluefield</i> cases, the U.S. Supreme Court did not specify that comparable risk companies had to be utilities. Since the purpose of rate regulation is to be a substitute for marketplace competition, non-price regulated firms operating in the competitive marketplace make an
14 15 16 17 18 19 20 21		price regulated companies? In the <i>Hope</i> and <i>Bluefield</i> cases, the U.S. Supreme Court did not specify that comparable risk companies had to be utilities. Since the purpose of rate regulation is to be a substitute for marketplace competition, non-price regulated firms operating in the competitive marketplace make an excellent proxy if they are comparable in total risk to the
14 15 16 17 18 19 20 21 22		price regulated companies? In the <i>Hope</i> and <i>Bluefield</i> cases, the U.S. Supreme Court did not specify that comparable risk companies had to be utilities. Since the purpose of rate regulation is to be a substitute for marketplace competition, non-price regulated firms operating in the competitive marketplace make an excellent proxy if they are comparable in total risk to the Utility Proxy Group being used to estimate the cost of common
14 15 16 17 18 19 20 21 22 23		price regulated companies? In the <i>Hope</i> and <i>Bluefield</i> cases, the U.S. Supreme Court did not specify that comparable risk companies had to be utilities. Since the purpose of rate regulation is to be a substitute for marketplace competition, non-price regulated firms operating in the competitive marketplace make an excellent proxy if they are comparable in total risk to the Utility Proxy Group being used to estimate the cost of common equity. The selection of such domestic, non-price regulated

1		Proxy Group, since all of these companies compete for
2		capital in the exact same markets.
3		
4	Q.	How did you select non-price regulated companies that are
5		comparable in total risk to the Utility Proxy Group?
6		
7	A.	In order to select a proxy group of domestic, non-price
8		regulated companies similar in total risk to the Utility
9		Proxy Group, I relied on the Beta coefficients and related
10		statistics derived from Value Line regression analyses of
11		weekly market prices over the most recent 260 weeks (i.e.,
12		five years). These selection criteria resulted in a proxy
13		group of 48 domestic, non-price regulated firms comparable
14		in total risk to the Utility Proxy Group. Total risk is the
15		sum of non-diversifiable market risk and diversifiable
16		company-specific risks. The criteria used in selecting the
17		domestic, non-price regulated firms were:
18		• They must be covered by Value Line (Standard Edition);
19		• They must be domestic, non-price regulated companies,
20		<i>i.e.</i> , not utilities;
21		• Their Beta coefficients must lie within plus or minus two
22		standard deviations of the average unadjusted Beta
23		coefficients of the Utility Proxy Group; and
24		• The residual standard errors of the Value Line regressions
25		which gave rise to the unadjusted Beta coefficients must

lie within plus or minus two standard deviations of the 1 2 average residual standard error of the Utility Proxy Group. 3 4 5 Beta coefficients measure market, or systematic, risk, which is not diversifiable. The residual standard errors of the 6 7 regressions each firm's measure company-specific, diversifiable risk. Companies that have similar Beta 8 coefficients and similar residual standard errors resulting 9 10 from the same regression analyses have similar total 11 investment risk. 12 Have you prepared a schedule which shows the data from which 13 0. 14 you selected the 48 domestic, non-price regulated companies that are comparable in total risk to the Utility Proxy Group? 15 16 17 Α. Yes, the basis of my selection and both proxy groups' regression statistics are shown in Document No. 7. 18 19 Did you calculate common equity cost rates using the DCF 20 Q. 21 model, RPM, and CAPM for the Non-Price Regulated Proxy Group? 22 23 Yes. Because the DCF model, RPM, and CAPM have been applied 24 Α. 25 in an identical manner as described above, I will not repeat

the details of the rationale and application of each model. One exception is in the application of the RPM, where I did not use public utility-specific equity risk premiums, nor did I apply the PRPM to the individual non-price regulated companies.

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Page 2 of Document No. 8 derives the constant growth DCF model common equity cost rate. As shown, the indicated common equity cost rate, using the constant growth DCF for the Non-Price Regulated Proxy Group comparable in total risk to the Utility Proxy Group, is 11.52 percent.

Pages 3 through 5 of Document No. 8 contain the data and 13 14 calculations that support the 12.67 percent RPM common equity cost rate. As shown on line 1, page 3 of Document No. 15 8, the consensus prospective yield on Moody's Baa-rated 16 corporate bonds for the six quarters ending in the second 17 quarter of 2022, and for the years 2022 to 2026 and 2027 to 18 2031, is 4.04 percent.²² Since the Non-Price Regulated Proxy 19 20 Group has an average Moody's long-term issuer rating of Baal, a downward adjustment of 0.15 percent to the projected 21 Baa2-rated corporate bond yield is necessary to reflect the 22 difference in ratings which results in a projected Baal-23 rated corporate bond yield of 3.89 percent. 24

25 When the Beta-adjusted risk premium of 8.78 percent (as

derived on page 5 of Document No. 8) relative to the Non-1 2 Price Regulated Proxy Group is added to the prospective A3/Baa1-rated corporate bond yield of 3.89 percent, the 3 indicated RPM common equity cost rate is 12.67 percent. 4 5 Page 6 of Document No. 8 contains the inputs and calculations 6 7 that support my indicated CAPM/ECAPM common equity cost rate of 12.00 percent. 8 9 What is the cost rate of common equity based on the Non-10 Q. 11 Price Regulated Proxy Group comparable in total risk to the Utility Proxy Group? 12 13 14 Α. As shown on page 1 of Document No. 8, the results of the common equity models applied to the Non-Price Regulated 15 Proxy Group - which group is comparable in total risk to the 16 17 Utility Proxy Group - are as follows: 11.52 percent (DCF), 12.67 percent (RPM), and 12.00 percent (CAPM). The average 18 of the mean and median of these models is 12.03 percent, 19 20 which I used as the indicated common equity cost rates for the Non-Price Regulated Proxy Group. 21 22 VII. CONCLUSION OF COMMON EQUITY COST RATE BEFORE ADJUSTMENTS 23 Q. is the indicated common equity cost rate before 24 What 25 adjustments?

By applying multiple cost of common equity models to the Α. 1 2 Utility Proxy Group and the Non-Price Regulated Proxy Group, the indicated range of common equity cost rates attributable 3 to the Utility Proxy Group before any relative risk 4 adjustments is between 9.94 percent and 10.94 percent as 5 shown in Document No. 2. I used multiple cost of common 6 equity models as primary tools in arriving at my recommended 7 common equity cost rate because no single model is so 8 inherently precise that it can be relied on to the exclusion 9 of other theoretically sound models. Using multiple models 10 11 adds reliability to the estimated common equity cost rate, with the prudence of using multiple cost of common equity 12 models supported in both the financial literature 13 and 14 regulatory precedent.

Based on these common equity cost rate results, I conclude 16 that a range of common equity cost rates between 9.94 percent 17 and 10.94 percent is reasonable and appropriate before any 18 adjustments for relative risk differences between the 19 20 company and the Utility Proxy Group are made. The bottom of the indicated range (*i.e.*, 9.94 percent) was calculated by 21 averaging the average of all model results (10.94 percent) 22 with the lowest model result (8.94 percent), and the top of 23 the indicated range is the approximate average of all model 24 25 results. I have chosen this indicated range of common equity

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cost rates applicable to the Utility Proxy Group as 1 а 2 conservative estimate of the required ROE. 3 VIII. ADJUSTMENTS TO THE COMMON EQUITY COST RATE 4 5 Flotation Costs **Q**. What are flotation costs? 6 7 Α. Flotation costs are those costs associated with the sale of 8 new issuances of common stock. They include market pressure 9 and the mandatory unavoidable costs of issuance (e.g., 10 11 underwriting fees and out-of-pocket costs for printing, legal, registration, etc.). For every dollar raised through 12 debt or equity offerings, the company receives less than one 13 14 full dollar in financing. 15 Why is it important to recognize flotation costs in the 16 Ο. 17 allowed common equity cost rate? 18 It is important because there is no other mechanism in the 19 Α. 20 ratemaking paradigm through which such costs can be recognized and recovered. Because these costs are real, 21 necessary, and legitimate, recovery of these costs should 22 be permitted. As noted by Morin: 23 The costs of issuing these securities are just as real 24 25 as operating and maintenance expenses or costs incurred

	1	
1		to build utility plants, and fair regulatory treatment
2		must permit recovery of these costs
3		The simple fact of the matter is that common equity
4		capital is not free [Flotation costs] must be
5		recovered through a rate of return adjustment. ²³
6		
7	Q.	Do the common equity cost rate models you have used already
8		reflect investors' anticipation of flotation costs?
9		
10	A.	No. All of these models assume no transaction costs. The
11		literature is quite clear that these costs are not reflected
12		in the market prices paid for common stocks. For example,
13		Brigham and Daves confirm this and provide the methodology
14		utilized to calculate the flotation $adjustment.^{24}$ In
15		addition, Morin confirms the need for such an adjustment
16		even when no new equity issuance is imminent. 25 Consequently,
17		it is proper to include a flotation cost adjustment when
18		using cost of common equity models to estimate the common
19		equity cost rate.
20		
21	Q.	How did you calculate the flotation cost allowance?
22		
23	A.	I modified the DCF calculation to provide a dividend yield
24		that would reimburse investors for issuance costs in
25		accordance with the method cited in literature by Brigham

1		and Daves, as well as by Morin. The flotation cost adjustment
2		recognizes the actual costs of issuing equity that were
3		incurred by Tampa Electric's parent, Emera, in its equity
4		issuances since its acquisition of Tampa Electric. Based on
5		the issuance costs shown on page 1 of Document No. 9, an
6		adjustment of 0.13 percent is required to reflect the
7		flotation costs applicable to the Utility Proxy Group.
8		
9	Busi	ness Risk Adjustment
10	Q.	What company-specific business risks did you consider in
11		your recommended ROE?
12		
13	A.	As detailed below, I've considered the company's smaller
14		size and lack of geographic diversification relative to the
15		Utility Proxy Group in my ROE recommendation.
16		
17	Q.	Does the company's smaller size relative to the Utility
18		Proxy Group companies increase its business risk?
19		
20	A.	Yes. The company's smaller size relative to the Utility
21		Proxy Group companies indicates greater relative business
22		risk for the company because, all else being equal, size has
23		a material bearing on risk.
24		
25		Size affects business risk because smaller companies

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1		generally are less able to cope with significant events that
2		affect sales, revenues, and earnings. For example, smaller
3		companies face more risk exposure to business cycles and
4		economic conditions, both nationally and locally.
5		Additionally, the loss of revenues from a few larger
6		customers would have a greater effect on a small company
7		than on a bigger company with a larger, more diverse,
8		customer base.
9		
10	Q.	Is the increased relative risk due to small size and the
11		associated implications on the rate of return on common
12		equity supported by financial literature?
13		
14	A.	Yes, it is. As further evidence that smaller firms are
14 15	A.	Yes, it is. As further evidence that smaller firms are riskier, investors generally demand greater returns from
	Α.	
15	Α.	riskier, investors generally demand greater returns from
15 16	Α.	riskier, investors generally demand greater returns from smaller firms to compensate for less marketability and
15 16 17	Α.	riskier, investors generally demand greater returns from smaller firms to compensate for less marketability and liquidity of their securities. Duff & Phelps' <u>2020 Valuation</u>
15 16 17 18	Α.	riskier, investors generally demand greater returns from smaller firms to compensate for less marketability and liquidity of their securities. Duff & Phelps' <u>2020 Valuation</u> <u>Handbook - U.S. Guide to Cost of Capital</u> (" <u>D&P - 2020</u> ")
15 16 17 18 19	Α.	riskier, investors generally demand greater returns from smaller firms to compensate for less marketability and liquidity of their securities. Duff & Phelps' <u>2020 Valuation</u> <u>Handbook - U.S. Guide to Cost of Capital</u> (" <u>D&P - 2020</u> ") discusses the nature of the small-size phenomenon, providing
15 16 17 18 19 20	Α.	riskier, investors generally demand greater returns from smaller firms to compensate for less marketability and liquidity of their securities. Duff & Phelps' <u>2020 Valuation</u> <u>Handbook - U.S. Guide to Cost of Capital ("D&P - 2020")</u> discusses the nature of the small-size phenomenon, providing an indication of the magnitude of the size premium based on
15 16 17 18 19 20 21	Α.	riskier, investors generally demand greater returns from smaller firms to compensate for less marketability and liquidity of their securities. Duff & Phelps' <u>2020 Valuation</u> <u>Handbook - U.S. Guide to Cost of Capital</u> (" <u>D&P - 2020</u> ") discusses the nature of the small-size phenomenon, providing an indication of the magnitude of the size premium based on several measures of size. In discussing "Size as a Predictor
15 16 17 18 19 20 21 22	Α.	riskier, investors generally demand greater returns from smaller firms to compensate for less marketability and liquidity of their securities. Duff & Phelps' <u>2020 Valuation</u> <u>Handbook - U.S. Guide to Cost of Capital ("D&P - 2020")</u> discusses the nature of the small-size phenomenon, providing an indication of the magnitude of the size premium based on several measures of size. In discussing "Size as a Predictor of Equity Returns," <u>D&P - 2020</u> states:
15 16 17 18 19 20 21 22 23	Α.	riskier, investors generally demand greater returns from smaller firms to compensate for less marketability and liquidity of their securities. Duff & Phelps' <u>2020 Valuation</u> <u>Handbook - U.S. Guide to Cost of Capital ("D&P - 2020")</u> discusses the nature of the small-size phenomenon, providing an indication of the magnitude of the size premium based on several measures of size. In discussing "Size as a Predictor of Equity Returns," <u>D&P - 2020</u> states: The size effect is based on the empirical observation

1	capital [sic]. The "size" of a company is one of the
2	most important risk elements to consider when
3	developing cost of equity capital estimates for use in
4	valuing a business simply because size has been shown
5	to be a predictor of equity returns. In other words,
6	there is a significant (negative) relationship between
7	size and historical equity returns - as size decreases,
8	returns tend to increase, and vice versa. (footnote
9	omitted) (emphasis in original) ²⁶
10	
11	Furthermore, in "The Capital Asset Pricing Model: Theory and
12	Evidence," Fama and French note size is indeed a risk factor
13	which must be reflected when estimating the cost of common
14	equity. On page 14, they note:
15	\ldots . the higher average returns on small stocks and
16	high book-to-market stocks reflect unidentified state
17	variables that produce undiversifiable risks
18	(covariances) in returns not captured in the market
19	return and are priced separately from market betas. ²⁷
20	
21	Based on this evidence, Fama and French proposed their
22	three-factor model, which includes a size variable in
23	recognition of the effect size has on the cost of common
24	equity.
25	

Also, it is a basic financial principle that the use of funds invested, and not the source of funds, is what gives rise to the risk of any investment.²⁸ Eugene Brigham, a wellknown authority, states:

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A number of researchers have observed that portfolios 5 of small-firms (sic) have earned consistently higher 6 average returns than those of large-firm stocks; this 7 is called the "small-firm effect." On the surface, it 8 would seem to be advantageous to the small firms to 9 provide average returns in a stock market that are 10 11 higher than those of larger firms. In reality, it is bad news for the small firm; what the small-firm effect 12 means is that the capital market demands higher returns 13 14 on stocks of small firms than on otherwise similar stocks of the large firms.²⁹ (emphasis added) 15

Consistent with the financial principle of risk and return 17 discussed above, increased relative risk due to Tampa 18 Electric's smaller size must be considered in the allowed 19 rate of return on common equity. Therefore, the Commission's 20 authorization of a cost rate of common equity in this 21 proceeding must appropriately reflect the unique risks of 22 the company, including its smaller relative size, which is 23 justified and supported above by evidence in the financial 24 literature. 25

Q. Please describe the company's lack of geographic diversity
 and why that increases its relative risk?

Tampa Electric's service area in West Central Florida is 4 Α. 5 extremely compact compared to other Florida investor-owned utilities. In the event of a substantial storm or other 6 catastrophic event, the entire system and customer base of 7 Tampa Electric is at risk for damage, outages, and other 8 customer impacts. This is unlike other utilities in Florida, 9 and more importantly, the Utility Proxy Group, which have 10 11 more geographically diverse service areas or larger service territories, which may only have a portion of the system 12 assets and customer base affected in the case of storms or 13 14 other natural disasters or catastrophic events, allowing the unaffected areas and assets to help mitigate certain impacts 15 and help sustain the utility while repairs are made in 16 17 affected areas. Tampa Electric's smaller size and limited geographic diversity have also been recognized as key risks 18 in the company's recent S&P and Moody's credit ratings 19 reports.³⁰ 20

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Q. Is there a way to quantify a relative risk adjustment due to the company's smaller size and lack of geographic diversity when compared to the Utility Proxy Group?

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1	A.	Yes. The company has greater relative risk than the average
2		utility in the Utility Proxy Group because of its smaller
3		size and lack of geographic diversity. As a proxy for its
4		greater risk, I will use the difference in size between
5		Tampa Electric and the Utility Proxy Group as measured by
6		its estimated market capitalization of common equity.
7		
8		As shown in Document No. 10, the company's estimated market
9		capitalization is approximately \$7,780 million, compared
10		with the market capitalization of the average company in the
11		Utility Proxy Group of \$15,616 million. The average company
12		in the Utility Proxy Group has a market capitalization
13		approximately 2.00 times the size of the company's estimated
14		market capitalization.
15		
16		As a result, it is necessary to upwardly adjust the indicated
17		range of common equity cost rates attributable to the
18		Utility Proxy Group to reflect the company's greater risk
19		due to its smaller relative size. The determination is based
20		on the size premiums for portfolios of New York Stock
21		Exchange, American Stock Exchange, and NASDAQ listed
22		companies ranked by deciles for the 1926 to 2019 period. The

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average size premium for the Utility Proxy Group with a market capitalization of \$15,616 million falls in the second decile, while the company's estimated market capitalization

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1		of \$7,780 million places it in the third decile. The size
2		premium spread between the second decile and the third
3		decile is 0.23 percent.
4		
5	Q.	Since Tampa Electric is part of a larger corporation, why
6		is the size of the total corporation not more appropriate
7		to use when determining the size adjustment?
8		
9	A.	The return derived in this proceeding will not apply to
10		Emera's operations as a whole, but only to Tampa Electric's.
11		Emera is the sum of its constituent parts, including those
12		constituent parts' ROEs. Potential investors in the parent
13		company are aware that it is a combination of operations in
14		each state, province, and country and that each geographic
15		area's operations experience the operating risks specific
16		to their jurisdiction. The market's expectation of Emera's
17		return is commensurate with the realities of the
18		corporation's composite operations in each of the geographic
19		areas in which it operates.
20		
21	Othe	r Considerations
22	Q.	Have you considered any other company-specific issues in
23		your recommended ROE?
24		
25	A.	Yes, I have. In addition to the company's flotation costs

and its smaller relative size, I have also considered the 1 2 company's high customer growth, and level of capital expenditures compared to the Utility Proxy Group companies 3 in my ROE recommendation. 4 5 Please describe the company's high customer growth. Q. 6 7 Α. Tampa Electric's total number of retail customers has 8 increased by 56,500 (i.e., approximately 7.7 percent) over 9 the past five years.³¹ The increased customer growth in Tampa 10 11 Electric's service territory necessitates increased and accelerated capital investment. 12 13 14 Q. Please briefly summarize the company's capital investment plans. 15 16 17 Α. Tampa Electric currently plans to invest over \$4.0 billion of additional capital over the 2021-2024 period, ³² which 18 represents over 54.00 percent of its 2019 year-end net 19 utility plant.³³ That amount includes investments required 20 to support growth, and to maintain safe, sufficient, and 21 reliable service in both its transmission and distribution 22 facilities. As discussed by Mr. McOnie, the company will 23 require continued access to the capital markets, 24 at 25 reasonable terms, to finance its capital spending plan. As

the company moves forward with its capital spending plan, timely recovery of its capital costs is critical to mitigate the delay of capital recovery and execute its capital spending program.

Q. Do substantial capital expenditures directly relate to a
utility being allowed the opportunity to earn a return
adequate to attract capital at reasonable terms?

Yes, they do. The allowed ROE should enable the subject Α. 10 11 utility to finance capital expenditures and working capital requirements at reasonable rates, and to maintain its 12 financial integrity in a variety of economic and capital 13 14 market conditions. As discussed throughout my direct testimony, return adequate to attract capital 15 а at reasonable terms enables the utility to provide safe, 16 reliable service while maintaining its financial soundness. 17 To the extent a utility is provided the opportunity to earn 18 its market-based cost of capital, neither customers nor 19 20 shareholders should be disadvantaged. These requirements are of particular importance to a utility when it is engaged in 21 a substantial capital expenditure program. 22

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The ratemaking process is predicated on the principle that, for investors and companies to commit the capital needed to

provide safe and reliable utility services, the utility must 1 2 have the opportunity to recover the return of, and the market-required return on, invested capital. Regulatory 3 commissions recognize that since utility operations are 4 capital intensive, regulatory decisions should enable the 5 utility to attract capital at reasonable terms; doing so 6 balances the long-term interests of the utility and its 7 ratepayers. 8

Further, the financial community carefully monitors the 10 11 current and expected financial conditions of utility companies, as well as the regulatory environment in which 12 those companies operate. In that respect, the regulatory 13 14 environment is one of the most important factors considered in both debt and equity investors' assessments of risk. That 15 is especially important during periods in which the utility 16 expects to make significant capital investments and, 17 therefore, may require access to capital markets. 18

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20 Q. Do credit rating agencies recognize risk associated with 21 increased capital expenditures?

A. Yes, they do. From a credit perspective, the additional
 pressure on cash flows associated with high levels of
 capital expenditures exerts corresponding pressure on credit

metrics and, therefore, credit ratings. S&P has noted several long-term challenges for utilities' financial health including: heavy construction programs to address demand growth; declining capacity margins; and aging infrastructure and regulatory responsiveness to mounting requests for rate increases.³⁴ More recently, S&P noted:

We assume that capital spending will remain a focus of 7 most utility managements and strain credit metrics. It 8 provides growth when sales are diminished by ongoing 9 demanded efficiency from regulators and other trends, 10 11 and it is welcomed by policymakers that appreciate the economic stimulus and the benefits of safer, more 12 reliable service. The speed with which the regulatory 13 14 process turns the new spending into higher rates to begin to pay for it is an important factor in our 15 assumptions and the forecast. Any extended lag between 16 17 spending and recovery can exacerbate the negative effect on credit metrics and therefore ratings.³⁵ 18

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The rating agency views noted above also are consistent with certain observations discussed in my direct testimony: (1) the benefits of maintaining a strong financial profile are significant when capital access is required and become particularly acute during periods of market instability; and (2) the Commission's decision in this proceeding will have

a direct bearing on the company's credit profile and its 1 2 ability to access the capital needed to fund its investments. 3 4 5 Q. How do the company's expected capital expenditures compare to the Utility Proxy Group? 6 7 Α. To reasonably make that comparison, I calculated the ratio 8 of expected capital expenditures to net plant for each 9 company in the Utility Proxy Group. I performed that 10 11 calculation using Tampa Electric's projected capital expenditures during 2021 through 2024 relative to its net 12 plant for the year ended December 31, 2019. As shown in 13 Document No. 11, Tampa Electric has the highest ratio of 14 projected capital expenditures to net plant relative to the 15 Utility Proxy Group, approximately 39.00 percent higher than 16 17 the Utility Proxy Group median. 18 What are your conclusions regarding the effect of Tampa Q. 19 20 Electric's capital investment plan on its risk profile and cost of capital? 21 22 It is clear that Tampa Electric's capital investment plan 23 Α. relative to net plant is larger than the median of the 24 25 Utility Proxy Group companies. It also is clear that equity

rating agencies investors and credit recognize the 1 2 additional risks associated with substantial capital expenditures. 3 4 5 Q. What is the indicated cost of common equity after your company-specific adjustments? 6 7 Α. Applying the 0.13 percent flotation cost adjustment and the 8 0.23 percent business risk adjustment to the indicated range 9 of common equity cost rates between 9.94 percent and 10.94 10 11 percent results in a company-specific range of common equity 10.30 percent and 11.30 percent. 12 rates between In consideration of both of these indicated ranges in addition 13 14 to the company's high customer growth, and its substantial capital expenditure program, I recommend an ROE of 10.75 15 percent for Tampa Electric in this proceeding. 16 17 IX. CONCLUSION 18 What is your recommended ROE for Tampa Electric? 19 Ο. 20 Given the discussion above and the results from the analyses 21 Α. that I have performed, I recommend that an ROE of 10.75 22 percent is appropriate for the company at this time. 23 24 25 Q. In your opinion, is your proposed ROE of 10.75 percent fair

1		and reasonable to the company and its customers?
2		
3	A.	Yes, it is.
4		
5	Q.	In your opinion, is the company's proposed equity ratio of
6		55.00 percent fair and reasonable to the company and its
7		customers?
8		
9	A.	Yes, it is.
10		
11	Q.	Does this conclude your prepared direct testimony?
12		
13	A.	Yes, it does.
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EXHIBIT

OF

DYLAN W. D'ASCENDIS, CRRA, CVA

ON BEHALF OF TAMPA ELECTRIC COMPANY

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DOCKET NO. 20210034-EI EXHIBIT NO. DWD-1 WITNESS: D'ASCENDIS DOCUMENT NO. 1 PAGE 1 OF 5 04/09/2021 FILED:



Resume & Testimony Listing of: Dylan W. D'Ascendis, CRRA, CVA Director

Summary

Dylan is an experienced consultant and a Certified Rate of Return Analyst (CRRA) and Certified Valuation Analyst (CVA). He has served as a consultant for investor-owned and municipal utilities and authorities for 12 years. Dylan has extensive experience in rate of return analyses, class cost of service, rate design, and valuation for regulated public utilities. He has testified as an expert witness in the subjects of rate of return, cost of service, rate design, and valuation before 30 regulatory commissions in the U.S., one Canadian province, and an American Arbitration Association panel.

He also maintains the benchmark index against which the Hennessy Gas Utility Mutual Fund performance is measured.

Areas of Specialization

- **Regulation and Rates**
- Utilities
- Mutual Fund Benchmarking
- Capital Market Risk Rate Case Support

Recent Expert Testimony Submission/Appearances

Jurisdiction

- Massachusetts Department of Public Utilities
- New Jersev Board of Public Utilities
- Hawaii Public Utilities Commission
- South Carolina Public Service Commission
- American Arbitration Association

Valuation

- **Financial Modeling** Regulatory Strategy
- Rate of Return
 - Cost of Service Rate Design

Topic

Rate of Return Rate of Return Cost of Service, Rate Design Return on Common Equity Valuation

Recent Assignments

- Provided expert testimony on the cost of capital for ratemaking purposes before numerous state utility regulatory agencies
- Maintains the benchmark index against which the Hennessy Gas Utility Mutual Fund performance is measured
- Sponsored valuation testimony for a large municipal water company in front of an American Arbitration Association Board to justify the reasonability of their lease payments to the City
- Co-authored a valuation report on behalf of a large investor-owned utility company in response to a new state regulation which allowed the appraised value of acquired assets into rate base

Recent Publications and Speeches

- Co-Author of: "Decoupling, Risk Impacts and the Cost of Capital", co-authored with Richard A. Michelfelder, Ph.D., Rutgers University and Pauline M. Ahern. The Electricity Journal, March, 2020.
- Co-Author of: "Decoupling Impact and Public Utility Conservation Investment", co-authored with Richard A. Michelfelder, Ph.D., Rutgers University and Pauline M. Ahern. Energy Policy Journal, 130 (2019), 311-319.
- "Establishing Alternative Proxy Groups", before the Society of Utility and Regulatory Financial Analysts: 51st Financial Forum, April 4, 2019, New Orleans, LA.
- "Past is Prologue: Future Test Year", Presentation before the National Association of Water Companies 2017 Southeast Water Infrastructure Summit, May 2, 2017, Savannah, GA.
- Co-author of: "Comparative Evaluation of the Predictive Risk Premium ModelTM, the Discounted Cash Flow Model and the Capital Asset Pricing Model", co-authored with Richard A. Michelfelder, Ph.D., Rutgers University, Pauline M. Ahern, and Frank J. Hanley, The Electricity Journal, May, 2013.
- "Decoupling: Impact on the Risk and Cost of Common Equity of Public Utility Stocks", before the Society of Utility and Regulatory Financial Analysts: 45th Financial Forum, April 17-18, 2013, Indianapolis, IN.



Sponsor	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT						
Regulatory Commission of Alaska										
		Alaska Power Company; Goat Lake	Tariff Nos. TA886-2; TA6-521;							
Alaska Power Company	09/20	Hydro, Inc.; BBL Hydro, Inc.	TA4-573	Capital Structure						
Alaska Power Company	07/16	Alaska Power Company	Docket No. TA857-2	Rate of Return						
Alberta Utilities Commission										
AltaLink, L.P., and EPCOR										
Distribution & Transmission,	0.4./00	AltaLink, L.P., and EPCOR	2021 Generic Cost of Capital,							
Inc.	01/20	Distribution & Transmission, Inc.	Proceeding ID. 24110	Rate of Return						
Arizona Corporation Commis	sion	Γ								
EDCOD Water Arizona Inc	06/20		Docket No. WS-01303A-20-	Data of Daturn						
EPCOR Water Arizona, Inc.	06/20	EPCOR Water Arizona, Inc.	0177	Rate of Return						
Arizona Water Company	12/19	Arizona Water Company – Western Group	Docket No. W-01445A-19- 0278	Rate of Return						
Anzona Waler Company	12/19	Arizona Water Company – Northern	Docket No. W-01445A-18-	Rale of Relution						
Arizona Water Company	08/18	Group	0164	Rate of Return						
Colorado Public Utilities Com		0.000		riate of riotani						
Summit Utilities, Inc.	04/18	Colorado Natural Gas Company	Docket No. 18AL-0305G	Rate of Return						
Atmos Energy Corporation	04/10	Atmos Energy Corporation	Docket No. 17AL-0429G	Rate of Return						
Delaware Public Service Com		Autos Energy Sciperation	Dooket No. 17712 04230	Rate of Retain						
Delmarva Power & Light Co.	11/20	Delmarva Power & Light Co.	Docket No. 20-0149 (Electric)	Return on Equity						
Delmarva Power & Light Co.	10/20	Delmarva Power & Light Co.	Docket No. 20-0150 (Gas)	Return on Equity						
Tidewater Utilities, Inc.	11/13	Tidewater Utilities, Inc.	Docket No. 13-466	Capital Structure						
Public Service Commission of		-	DOCKELINO. 13-400							
Washington Gas Light										
Company	09/20	Washington Gas Light Company	Formal Case No. 1162	Rate of Return						
Federal Energy Regulatory Co										
LS Power Grid California, LLC	10/20	LS Power Grid California, LLC	Docket No. ER21-195-000	Rate of Return						
Florida Public Service Comm										
Peoples Gas System	09/20	Peoples Gas System	Docket No. 20200051-GU	Rate of Return						
Utilities, Inc. of Florida	06/20	Utilities, Inc. of Florida	Docket No. 20200139-WS	Rate of Return						
Hawaii Public Utilities Commi										
Launiupoko Irrigation		Launiupoko Irrigation Company,								
Company, Inc.	12/20	Inc.	Docket No. 2020-0217	Capital Structure						
				Cost of Service / Rate						
Lanai Water Company, Inc.	12/19	Lanai Water Company, Inc.	Docket No. 2019-0386	Design						
Manele Water Resources,				Cost of Service / Rate						
LLC	08/19	Manele Water Resources, LLC	Docket No. 2019-0311	Design						
Kaupulehu Water Company	02/18	Kaupulehu Water Company	Docket No. 2016-0363	Rate of Return						
				Cost of Service / Rate						
Aqua Engineers, LLC	05/17	Puhi Sewer & Water Company	Docket No. 2017-0118	Design						
Hawaii Resources, Inc.	09/16	Laie Water Company	Docket No. 2016-0229	Cost of Service / Rate Design						
Illinois Commerce Commission	on									
Ameren Illinois Company		Ameren Illinois Company d/b/a								
d/b/a Ameren Illinois	07/20	Ameren Illinois	Docket No. 20-0308	Return on Equity						

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SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
				Cost of Service / Rate
Utility Services of Illinois, Inc.	11/17	Utility Services of Illinois, Inc.	Docket No. 17-1106	Design
Aqua Illinois, Inc.	04/17	Aqua Illinois, Inc.	Docket No. 17-0259	Rate of Return
Utility Services of Illinois, Inc.	04/15	Utility Services of Illinois, Inc.	Docket No. 14-0741	Rate of Return
Indiana Utility Regulatory Con	I			
A	00/40	Aqua Indiana, Inc. Aboite	D 1 (N 44750	
Aqua Indiana, Inc.	03/16	Wastewater Division	Docket No. 44752	Rate of Return
Twin Lakes, Utilities, Inc.	08/13	Twin Lakes, Utilities, Inc.	Docket No. 44388	Rate of Return
Kansas Corporation Commis				
Atmos Energy	07/19	Atmos Energy	19-ATMG-525-RTS	Rate of Return
Kentucky Public Service Com	mission			
Bluegrass Water Utility	10/00	Bluegrass Water Utility Operating	2020 00200	Deturn on Fauity
Operating Company	10/20	Company	2020-00290	Return on Equity
Louisiana Public Service Con	nmission	Couthurs store Electric Dever		
Southwestern Electric Power Company	12/20	Southwestern Electric Power Company	Docket No. U-35441	Return on Equity
Atmos Energy	04/20	Atmos Energy	Docket No. U-35535	Rate of Return
Louisiana Water Service, Inc.	04/20	Louisiana Water Service, Inc.	Docket No. U-32848	Rate of Return
Maryland Public Service Com		Louisiana Water Service, Inc.	DUCKEL NO. 0-02040	
Washington Gas Light	1111551011			
Company	08/20	Washington Gas Light Company	Case No. 9651	Rate of Return
FirstEnergy, Inc.	08/18	Potomac Edison Company	Case No. 9490	Rate of Return
Massachusetts Department o				
•	1		D D L 10 120	Data of Datum
Unitil Corporation	12/19	Fitchburg Gas & Electric Co. (Elec.)	D.P.U. 19-130	Rate of Return
Unitil Corporation	12/19	Fitchburg Gas & Electric Co. (Gas)	D.P.U. 19-131	Rate of Return
Liberty Utilities	07/15	Liberty Utilities d/b/a New England Natural Gas Company	Docket No. 15-75	Rate of Return
Minnesota Public Utilities Co		Natural Gas Company	DUCKELINO. 13-73	Rale of Reluin
Northern States Power				
Company	11/20	Northern States Power Company	Docket No. E002/GR-20-723	Rate of Return
Mississippi Public Service Co				
Atmos Energy	03/19	Atmos Energy	Docket No. 2015-UN-049	Capital Structure
Atmos Energy	07/18	Atmos Energy	Docket No. 2015-UN-049	Capital Structure
Missouri Public Service Com		/ anot Energy		
Spire Missouri, Inc.	12/20	Spire Missouri, Inc.	Case No. GR-2021-0108	Return on Equity
Indian Hills Utility Operating	12/20	Indian Hills Utility Operating	0036110.01-2021-0100	
Company, Inc.	10/17	Company, Inc.	Case No. SR-2017-0259	Rate of Return
Raccoon Creek Utility	10/11	Raccoon Creek Utility Operating		
Operating Company, Inc.	09/16	Company, Inc.	Docket No. SR-2016-0202	Rate of Return
Public Utilities Commission of	of Nevada	· · · · ·		
Southwest Gas Corporation	08/20	Southwest Gas Corporation	Docket No. 20-02023	Return on Equity
New Hampshire Public Utilitie	es Commis			· · ·
Aquarion Water Company of		Aquarion Water Company of New		
New Hampshire, Inc.	12/20	Hampshire, Inc.	Docket No. DW 20-184	Rate of Return

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Sponsor	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
New Jersey Board of Public L	Itilities	•	-	
Atlantic City Electric Company	12/20	Atlantic City Electric Company	Docket No. ER20120746	Return on Equity
FirstEnergy	02/20	Jersey Central Power & Light Co.	Docket No. ER20020146	Rate of Return
Aqua New Jersey, Inc.	12/18	Aqua New Jersey, Inc.	Docket No. WR18121351	Rate of Return
Middlesex Water Company	10/17	Middlesex Water Company	Docket No. WR17101049	Rate of Return
Middlesex Water Company	03/15	Middlesex Water Company	Docket No. WR15030391	Rate of Return
The Atlantic City Sewerage Company	10/14	The Atlantic City Sewerage Company	Docket No. WR14101263	Cost of Service / Rate Design
Middlesex Water Company	11/13	Middlesex Water Company	Docket No. WR1311059	Capital Structure
New Mexico Public Regulatio	n Commis			1 •
Southwestern Public Service Company	01/21	Southwestern Public Service Company	Case No. 20-00238-UT	Return on Equity
North Carolina Utilities Comm	nission			
Duke Energy Carolinas, LLC	07/20	Duke Energy Carolinas, LLC	Docket No. E-7, Sub 1214	Return on Equity
Duke Energy Progress, LLC	07/20	Duke Energy Progress, LLC	Docket No. E-2, Sub 1219	Return on Equity
Aqua North Carolina, Inc.	12/19	Aqua North Carolina, Inc.	Docket No. W-218 Sub 526	Rate of Return
Carolina Water Service, Inc.	06/19	Carolina Water Service, Inc.	Docket No. W-354 Sub 364	Rate of Return
Carolina Water Service, Inc.	09/18	Carolina Water Service, Inc.	Docket No. W-354 Sub 360	Rate of Return
Aqua North Carolina, Inc.	07/18	Aqua North Carolina, Inc.	Docket No. W-218 Sub 497	Rate of Return
North Dakota Public Service	Commissi	on		
Northern States Power Company	11/20	Northern States Power Company	Case No. PU-20-441	Rate of Return
Public Utilities Commission of	of Ohio			
Aqua Ohio, Inc.	05/16	Aqua Ohio, Inc.	Docket No. 16-0907-WW-AIR	Rate of Return
Pennsylvania Public Utility Co	ommissio	1		
Valley Energy, Inc.	07/19	C&T Enterprises	Docket No. R-2019-3008209	Rate of Return
Wellsboro Electric Company	07/19	C&T Enterprises	Docket No. R-2019-3008208	Rate of Return
Citizens' Electric Company of Lewisburg	07/19	C&T Enterprises	Docket No. R-2019-3008212	Rate of Return
Steelton Borough Authority	01/19	Steelton Borough Authority	Docket No. A-2019-3006880	Valuation
Mahoning Township, PA	08/18	Mahoning Township, PA	Docket No. A-2018-3003519	Valuation
SUEZ Water Pennsylvania Inc.	04/18	SUEZ Water Pennsylvania Inc.	Docket No. R-2018-000834	Rate of Return
Columbia Water Company	09/17	Columbia Water Company	Docket No. R-2017-2598203	Rate of Return
Veolia Energy Philadelphia, Inc.	06/17	Veolia Energy Philadelphia, Inc.	Docket No. R-2017-2593142	Rate of Return
Emporium Water Company	07/14	Emporium Water Company	Docket No. R-2014-2402324	Rate of Return
Columbia Water Company	07/13	Columbia Water Company	Docket No. R-2013-2360798	Rate of Return
Penn Estates Utilities, Inc.	12/11	Penn Estates, Utilities, Inc.	Docket No. R-2011-2255159	Capital Structure / Long-Term Debt Cost Rate
South Carolina Public Service				
Blue Granite Water Co.	12/19	Blue Granite Water Company	Docket No. 2019-292-WS	Rate of Return
Carolina Water Service, Inc.	02/18	Carolina Water Service, Inc.	Docket No. 2017-292-WS	Rate of Return

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Sponsor	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT				
Carolina Water Service, Inc.	06/15	Carolina Water Service, Inc.	Docket No. 2015-199-WS	Rate of Return				
Carolina Water Service, Inc.	11/13	Carolina Water Service, Inc.	Docket No. 2013-275-WS	Rate of Return				
United Utility Companies, Inc.	09/13	United Utility Companies, Inc.	Docket No. 2013-199-WS	Rate of Return				
Utility Services of South Carolina, Inc.	09/13	Utility Services of South Carolina, Inc.	Docket No. 2013-201-WS	Rate of Return				
Tega Cay Water Services, Inc.	11/12	Tega Cay Water Services, Inc.	Docket No. 2012-177-WS	Capital Structure				
Tennessee Public Utility Com	mission							
Piedmont Natural Gas Company								
Public Utility Commission of Texas								
Southwestern Public Service Company	02/21	Southwestern Public Service Company	Docket No. 51802	Return on Equity				
Southwestern Electric Power Company	10/20	Southwestern Electric Power Company	Docket No. 51415	Rate of Return				
Virginia State Corporation Co	mmission							
Massanutten Public Service Corporation	12/20	Massanutten Public Service Corporation	Case No. PUE-2020-00039	Return on Equity				
Aqua Virginia, Inc.	07/20	Aqua Virginia, Inc.	PUR-2020-00106	Rate of Return				
WGL Holdings, Inc.	07/18	Washington Gas Light Company	PUR-2018-00080	Rate of Return				
Atmos Energy Corporation	05/18	Atmos Energy Corporation	PUR-2018-00014	Rate of Return				
Aqua Virginia, Inc.	07/17	Aqua Virginia, Inc.	PUR-2017-00082	Rate of Return				
Massanutten Public Service Corp.	08/14	Massanutten Public Service Corp.	PUE-2014-00035	Rate of Return / Rate Design				

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<u>Tampa Electric Company, Inc.</u> Brief Summary of Common Equity Cost Rate

Line No.	Principal Methods	Proxy Group of Thirteen Electric Companies
1.	Discounted Cash Flow Model (DCF) (1)	8.94%
2.	Risk Premium Model (RPM) (2)	10.44%
3.	Capital Asset Pricing Model (CAPM) (3)	12.36%
4.	Market Models Applied to Comparable Risk, Non-Price Regulated Companies (4)	12.03%
5.	Indicated Range of Common Equity Cost Rates before Adjustment for Company-Specific Risk (5)	9.94% - 10.94%
6.	Flotation Cost Adjustment (6)	0.13%
7.	Business Risk Adjustment (7)	0.23%
8.	Indicated Range of Common Equity Cost Rates after Adjustment	10.30% - 11.30%
9.	Recommended Common Equity Cost Rate	10.75%
Notes:	 From page 1 of Document No. 4. From page 1 of Document No. 5. 	

- (2) From page 1 of Document No. 5.(3) From page 1 of Document No. 6.
- 5) From page 1 of Document No. 6.
- (4) From page 1 of Document No. 8.(5) The large definition of the indicated energy is a set of the indicated energy
- (5) The low end of the indicated range is calculated by using the average of the DCF results (8.94%) and average model result (10.94%). The high end of the indicated range is the average model result (10.94%).
- (6) Adjustment to reflect an allowance for flotation costs as detailed in Mr. D'Ascendis' direct testimony.
- (7) Adjustment to reflect the Company's greater business risk due to its smaller size and lack of geographic diversity relative to the Utility Proxy Group as detailed in Mr. D'Ascendis' direct testimony.

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Tampa Electric Company. Inc. Capitalization and Financial Statistics (1) 2015 - 2019. Inclusive

		2019		2018	(MI	ILLIO	2017 NS OF DOLLA	ARS)	2016		2015	
CAPITALIZATION STATISTICS					(,				
AMOUNT OF CAPITAL EMPLOYED TOTAL PERMANENT CAPITAL SHORT-TERM DEBT TOTAL-CAPITAL EMPLOYED	\$	5,721.456 256.861 5,978.317	\$	5,152.162 167.348 5,319.510	-	\$	4,503.007 300.000 4,803.007		\$ 4,333.101 139.950 \$ 4,473.051		\$ 4,269.851 65.500 \$ 4,335.351	
INDICATED AVERAGE CAPITAL COST RATES (2) TOTAL DEBT		4.29 %	%	4.16	%		4.55	%	4.79	%	5.07	%
CAPITAL STRUCTURE RATIOS BASED ON TOTAL PERMANENT CAPITAL: LONG-TERM DEBT PREFERRED STOCK COMMON EQUITY TOTAL	_	44.70 9 - 55.30 100.00 9	_	44.37 - 55.63 100.00	_		42.60 - 57.40 100.00		44.27 - 55.73 100.00		46.88 53.12 100.00	- 55.44
BASED ON TOTAL CAPITAL: TOTAL DEBT, INCLUDING SHORT-TERM PREFERRED STOCK COMMON EQUITY TOTAL		47.08 9 - 52.92 100.00 9	_	46.12 - 53.88 100.00	_		46.18 - 53.82 100.00		46.02 - - - - - - - - - - - - - - - - - - -		47.69 - - 52.31 100.00	- 53.38
DIVIDEND PAYOUT RATIO		100.86 %	%	106.39	%		93.12	%	101.78	%	96.39	% 99.71 %
RATE OF RETURN ON AVERAGE BOOK COMMON EQUITY		10.48 %	%	10.77	%		10.91	%	10.68	%	10.99	% 10.77 %
TOTAL DEBT / EBITDA (3)		3.82 x	¢	3.41	x		2.65	x	2.79	x	2.81	x 3.10 x
FUNDS FROM OPERATIONS / TOTAL DEBT (4)		25.69 %	%	27.02	%		21.46	%	32.22	%	20.92	% 25.46 %
TOTAL DEBT / TOTAL CAPITAL		47.08 %	%	46.12	%		46.18	%	46.02	%	47.69	% 46.62 %

Notes:

(1) All capitalization and financial statistics are based upon financial statements as originally reported in each year.
 (2) Computed by relating actual total debt interest or preferred stock dividends booked to average of beginning and ending total debt or preferred stock reported to be outstanding.

(4) Funds from operations (sum of net income, depreciation, amortization, net deferred income tax and investment tax credits, less total AFUDC) plus interest charges as a percentage of total debt.

Source of Information: Company audited financial statements

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Proxy Group of Thirteen Electric Companies Capitalization and Financial Statistics (1) 2015 - 2019. Inclusive

	2019		<u>2018</u>	MIL	<u>2017</u> LIONS OF DOLL	ARS)	<u>2016</u>		2015		
CAPITALIZATION STATISTICS			(
AMOUNT OF CAPITAL EMPLOYED TOTAL PERMANENT CAPITAL SHORT-TERM DEBT TOTAL CAPITAL EMPLOYED	\$20,390.889 \$556.677 \$20,947.566		\$18,583.106 \$634.118 \$19,217.224		\$17,571.167 \$649.864 \$18,221.031		\$16,749.598 \$475.539 \$17,225.137		\$15,648.484 \$497.484 \$16,145.968	=	
INDICATED AVERAGE CAPITAL COST RATES (2) TOTAL DEBT PREFERRED STOCK CAPITAL STRUCTURE RATIOS	4.46 5.65	%	4.64 5.38	%	4.62 5.46	%	4.83 5.63	%	4.63 5.60	%	<u>5 YEAR</u> AVERAGE
BASED ON TOTAL PERMANENT CAPITAL: LONG-TERM DEBT PREFERRED STOCK COMMON EQUITY TOTAL	51.19 0.75 48.06 100.00		50.79 0.90 <u>48.31</u> 100.00		49.83 0.95 49.22 100.00		49.65 0.99 49.36 100.00		49.24 1.01 49.75 100.00		50.14 % 0.93 48.93 100.00 %
BASED ON TOTAL CAPITAL: TOTAL DEBT, INCLUDING SHORT-TERM PREFERRED STOCK COMMON EQUITY TOTAL	51.90 0.74 47.36 100.00		51.68 0.87 47.45 100.00		51.60 0.89 47.52 100.00		51.01 0.95 48.05 100.00		50.41 0.99 48.61 100.00		51.32 % 0.88 47.80 100.00 %
FINANCIAL STATISTICS											
FINANCIAL RATIOS - MARKET BASED EARNINGS / PRICE RATIO MARKET / AVERAGE BOOK RATIO DIVIDEND YIELD DIVIDEND PAYOUT RATIO	5.07 205.45 3.19 61.96	%	5.11 198.40 3.52 44.61	%	4.76 206.63 3.29 75.17	%	4.59 168.79 3.55 52.82	%	5.01 163.94 3.66 33.22	%	4.91 % 188.64 3.44 53.55
RATE OF RETURN ON AVERAGE BOOK COMMON EQUITY	10.26	%	8.86	%	9.14	%	8.04	%	8.29	%	8.92 %
TOTAL DEBT / EBITDA (3)	4.30	x	4.88	x	3.96	x	5.30	x	4.15	x	4.52 x
FUNDS FROM OPERATIONS / TOTAL DEBT (4)	15.01	%	20.77	%	19.97	%	19.29	%	23.50	%	19.71 %
TOTAL DEBT / TOTAL CAPITAL	51.90	%	51.68	%	51.60	%	51.01	%	50.41	%	51.32 %

Notes:

(1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group, and are based upon financial statements as originally reported in each year.

(2) Computed by relating actual total debt interest or preferred stock dividends booked to average of beginning and ending total debt or preferred stock reported to be outstanding.
(3) Total debt relative to EBITDA (Earnings before Interest, Income Taxes, Depreciation and Amortization).

(4) Funds from operations (sum of net income, depreciation, amortization, net deferred income tax and investment tax credits, less total AFUDC) plus interest charges as a percentage of total debt.

Source of Information: Company Annual Forms 10-K

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<u>Capital Structure Based upon Total Permanent Capital for the</u> <u>Proxy Group of Thirteen Electric Companies</u> <u>2015 - 2019. Inclusive</u>

	<u>2019</u>	2018	2017	2016	<u>2015</u>	<u>5 YEAR</u> AVERAGE
<u>ALLETE, Inc.</u>						
Long-Term Debt	41.96 %	40.80 %	42.09 %	45.15 %	46.86 %	43.37 %
Preferred Stock	-	-	-	-	-	-
Common Equity	58.04	59.20	57.91	54.85	53.14	56.63
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Alliant Energy Corporation						
Long-Term Debt	53.39 %	53.49 %	52.62 %	50.34 %	49.43 %	51.85 %
Preferred Stock	1.72	1.94	2.16	2.33	2.58	2.15
Common Equity	44.89	44.57	45.22	47.33	47.99	46.00
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Ameren Corporation						
Long-Term Debt	53.29 %	52.05 %	51.52 %	50.11 %	50.65 %	51.52 %
Preferred Stock	0.81	0.88	0.92	0.98	0.99	0.92
Common Equity	45.90	47.07	47.56	48.91	48.36	47.56
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Duke Energy Corporation	FF 20 0/	55.45 %	55.61 %	53.85 %	40.07 0/	F4.02 0/
Long-Term Debt Preferred Stock	55.39 %	55.45 %	55.01 %	53.85 %	49.87 %	54.03 %
Common Equity	- 44.61	- 44.55	- 44.39	- 46.15	- 50.13	- 45.97
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Edison International						
Long-Term Debt	54.21 %	53.76 %	46.65 %	44.02 %	45.68 %	48.86 %
Preferred Stock	6.48	8.01	8.44	8.65	8.20	7.96
Common Equity	39.31	38.23	44.91	47.33	46.12	43.18
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Entergy Corporation						
Long-Term Debt	63.12 %	64.08 %	64.80 %	64.16 %	58.19 %	62.87 %
Preferred Stock	0.77	0.87	0.85	0.88	1.39	0.95
Common Equity	36.11	35.05	34.35	34.96	40.42	36.18
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
IDACORP. Inc.						
Long-Term Debt	42.70 %	43.63 %	43.68 %	44.77 %	45.62 %	44.08 %
Preferred Stock	42.70 %	43.03 %	43.00 %		45.02 %	44.00 %
Common Equity	- 57.30	- 56.37	- 56.32	55.23	- 54.38	- 55.92
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
- star ouprai		100.00 /0	100.00 /0	100.00 /0	100.00 /0	/0

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<u>Capital Structure Based upon Total Permanent Capital for the</u> <u>Proxy Group of Thirteen Electric Companies</u> <u>2015 - 2019. Inclusive</u>

	2019	2018	2017	2016	2015	<u>5 YEAR</u> AVERAGE
NorthWestern Corporation						
Long-Term Debt	52.27 %	51.98 %	50.26 %	52.05 %	53.08 %	51.93 %
Preferred Stock	-	-	-	-	-	-
Common Equity	47.73	48.02	49.74	47.95	46.92	48.07
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
OGE Energy Corporation						
Long-Term Debt	43.56 %	44.00 %	43.78 %	43.31 %	45.31 %	43.99 %
Preferred Stock	-	-	-	-	-	-
Common Equity	56.44	56.00	56.22	56.69	54.69	56.01
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Otter Tail Corporation						
Long-Term Debt	46.88 %	44.74 %	41.31 %	44.56 %	45.17 %	44.53 %
Preferred Stock	-	-	-	-	-	-
Common Equity	53.12	55.26	58.69	55.44	54.83	55.47
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Pinnacle West Capital Corporation						
Long-Term Debt	50.91 %	49.59 %	48.68 %	46.33 %	45.45 %	48.19 %
Preferred Stock	-	-	-	-	-	-
Common Equity	49.09	50.41	51.32	53.67	54.55	51.81
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Portland General Electric Company						
Long-Term Debt	50.06 %	49.72 %	50.10 %	50.06 %	49.39 %	49.87 %
Preferred Stock	-	-	-	-	-	-
Common Equity	49.94	50.28	49.90	49.94	50.61	50.13
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Xcel Energy, Inc.						
Long-Term Debt	57.77 %	57.01 %	56.66 %	56.73 %	55.36 %	56.71 %
Preferred Stock	-	-	-	-	-	-
Common Equity	42.23	42.99	43.34	43.27	44.64	43.29
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Proxy Group of Thirteen Electric						
<u>Companies</u>	F1 40 01		40.02 04	10 (5 %)	40.24 . 67	
Long-Term Debt	51.19 %	50.79 %	49.83 %	49.65 %	49.24 %	50.14 %
Preferred Stock	0.75	0.90	0.95	0.99	1.01	0.92
Common Equity	48.06	48.31	49.22	49.36	49.75	48.94
Total Capital	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %

Source of Information: Company Annual Forms 10-K

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2019

Tampa Electric Company. Inc. Operating Subsidiary Company Capital Structures of the Proxy Group of Thirteen Electric Companies

	Parent Company	Common	Long-Term	Total
Company Name	Ticker	Equity	Debt	Capital
ALLETE (Minnesota Power)	ALE	59.59%	40.41%	100.00%
Superior Water, Light and Power Company	ALE	58.08%	41.92%	100.00%
Interstate Power and Light Company	LNT	50.23%	49.77%	100.00%
Wisconsin Power and Light Company	LNT	53.78%	46.22%	100.00%
Ameren Illinois Company	AEE	53.00%	47.00%	100.00%
Union Electric Company	AEE	51.90%	48.10%	100.00%
Duke Energy Carolinas, LLC	DUK	52.11%	47.89%	100.00%
Duke Energy Florida, LLC	DUK	49.91%	50.09%	100.00%
Duke Energy Indiana, LLC	DUK	52.84%	47.16%	100.00%
Duke Energy Kentucky, Inc.	DUK	49.37%	50.63%	100.00%
Duke Energy Ohio, Inc.	DUK	65.22%	34.78%	100.00%
Duke Energy Progress, LLC	DUK	51.29%	48.71%	100.00%
Southern California Edison Company	EIX	50.43%	49.57%	100.00%
Entergy Arkansas, LLC	ETR	47.90%	52.10%	100.00%
Entergy Louisiana, LLC	ETR	47.47%	52.53%	100.00%
Entergy Mississippi, LLC	ETR	48.60%	51.40%	100.00%
Entergy New Orleans, LLC	ETR	49.26%	50.74%	100.00%
Entergy Texas, Inc.	ETR	50.43%	49.57%	100.00%
Idaho Power Company	IDA	55.14%	44.86%	100.00%
NorthWestern Corporation	NWE	47.59%	52.41%	100.00%
Oklahoma Gas and Electric Company	OGE	55.15%	44.85%	100.00%
Otter Tail Power Company	OTTR	51.12%	48.88%	100.00%
Arizona Public Service Company	PNW	52.80%	47.20%	100.00%
Portland General Electric Company	POR	49.85%	50.15%	100.00%
Northern States Power Company - MN	XEL	52.20%	47.80%	100.00%
Northern States Power Company - WI	XEL	54.23%	45.77%	100.00%
Public Service Company of Colorado	XEL	56.32%	43.68%	100.00%
Southwestern Public Service Company	XEL	54.14%	45.86%	100.00%
	Mean	52.50%	47.50%	100.00%
	Median	52.00%	48.00%	100.00%

Source of Information: S&P Global Market Intelligence

Tampa Electric Company. Inc. Indicated Common Equity Cost Rate Using the Discounted Cash Flow Model for the Proxy Group of Thirteen Electric Companies

[8]	Indicated Common Equity Cost Rate (5)	9.88 %	8.94	9.35	8.35	10.85	8.32	6.28 (6)	7.58	8.12	11.20	8.05	9.00	8.76	9.03 %	8.85 %
[7]	Adjusted Dividend Yield (4)	4.21 %	3.19	2.74	4.28	4.43	3.81	3.14	4.26	5.07	3.68	4.18	3.97	2.63	Average	Median
[9]	Average Projected Five Year Growth in EPS (3)	5.67 %	5.75	6.61	4.07	6.42	4.51	3.14	3.32	3.05	7.52	3.87	5.03	6.13		
[5]	Yahoo! Finance Projected Five Year Growth in EPS	7.00 %	5.80	6.60	2.81	(0.50)	5.20	2.60	3.20	2.10	9.00	3.70	5.50	6.20		
[4]	Bloomberg's Five Year Projected Growth Rate in EPS	5.50 %	5.79	7.03	4.07	4.17	4.62	2.88	3.90	3.51	7.05	3.78	5.12	6.14		
[3]	Zack's Five Year Projected Growth Rate in EPS	NA %	5.90	6.80	4.40	3.10	5.20	2.60	3.70	3.60	NA	3.50	5.50	6.20		
[2]	Value Line Projected Five Year Growth in EPS (2)	4.50 %	5.50	6.00	5.00	12.00	3.00	4.50	2.50	3.00	6.50	4.50	4.00	6.00		
[1]	Average Dividend Yield (1)	4.09 %	3.10	2.65	4.19	4.29	3.73	3.09	4.19	4.99	3.55	4.10	3.87	2.55		
	Proxy Group of Thirteen Electric Companies	ALLETE, Inc.	Alliant Energy Corporation	Ameren Corporation	Duke Energy Corporation	Edison International	Entergy Corporation	IDACORP, Inc.	NorthWestern Corporation	OGE Energy Corporation	Otter Tail Corporation	Pinnacle West Capital Corporation	Portland General Electric Company	Xcel Energy, Inc.		

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(5) Column 6 + column 7.
(6) IDACORP Inc.'s results were excluded from the final average and median as they were more than two standard deviations below the

5.67%) = 4.21%.

From pages 2 through 14 of Document No. 4.
 Average of columns 2 through 5 excluding negative growth rates.
 This reflects a growth rate component equal to one-half the conclusion of growth rate (from column 6) x column 1 to reflect the periodic payment of dividends (Gordon Model) as opposed to the continuous payment. Thus, for ALLETE, Inc., 4.09% x (1+(1/2 x periodic payment of dividends (Gordon Model) as opposed to the continuous payment.

(1) Indicated dividend at 01/29/2021 divided by the average closing price of the last 60 trading days ending 01/29/2021 for each

company.

Notes:

NMF= Not Meaningful Figure

%

8.94

Average of Mean and Median

Sources of Information: Value Line Investment Survey www.zacks.com Downloaded on 01/29/2021 www.yahoo.com Downloaded on 01/29/2021 Bloomberg Professional Services

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<u>Al</u> i	ETE	NYS	-ALE				P	ecent Rice	56.2		<u>• 16.</u>	4 (Traili Medi	ng: 16.7) an: 18.0)	RELATIV P/E RATI	5 0.7	8 VLD	4.6	%	/ALUI LINE		
TIMELI		Raised 1		High: Low:	35.3 23.3	37.9 30.0	42.5 35.1	42.7 37.7	54.1 41.4	58.0 44.2	59.7 45.3	66.9 48.3	81.2 61.6	82.8 66.6	88.6 72.5	84.7 48.2				Price 2024	
AFET		New 10/1			NDS 73 x Divide	ends p sh										,			2025	2024	
ECHN		Raised 1	/27/20	•••• Re	elative Pric	ends p sh iterest Rate e Strength									,	<i>.</i> ′					
	85 (1.00 :	,		Options:	Yes	ates recess	ion														+10
8-IVIO ow-Hi	-	point (%	-							_		1/10.1	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	ויייוייי	1 ¹ 11	1					
о w-п і 44-\$10	-	(35%)	lo Mia)					-		H. M. H.	ի,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	րուսո				<u> </u> •					<u> </u>
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	Price		nn'l Total Return			·····	****	•••••••••	····			•••••				•					
ligh ow	85 (+50%) +15%)	14% 8%							****	*****			******		•••					-20 -15
		Decision												1		•					- 13
o Duni	4Q2019 158	102020 124	2Q2020 141	Percen			111.1				ath i	luli i		4				1 yr.	THIS V STOCK -27.4	LARITH.* INDEX 15.7	+
to Buy to Sell	120	154 38410	136 37540	shares traded	10 - 5 -													3 yr. 5 yr.	-23.3 29.4	23.5 64.0	F
lld's(000) 2004	2005	2006	2007	2008	2009	2010	2011			2014			2017	2018		2020	2021		UE LINE PI		23-25
25.30	24.50	25.23	27.33	24.57	21.57	25.34	24.75	24.40	24.60	24.77	30.27	27.01	27.78	29.10	23.99	22.20	23.60	Revenue	es per sh		25.
2.97	3.85	4.14	4.42	4.23	3.57	4.35	4.91	5.01	5.35	5.68	6.79	7.08	6.59	7.37	7.24	7.25	7.75		low" per s		9.2
1.35 .30	2.48	2.77 1.45	3.08 1.64	2.82 1.72	1.89 1.76	2.19 1.76	2.65 1.78	2.58 1.84	2.63 1.90	2.90 1.96	3.38	3.14 2.08	3.13 2.14	3.38 2.24	3.33 2.35	3.20 2.47	3.50 2.56		s per sh ^A cl'd per s		4.2 2.8
2.12	1.95	3.37	6.82	9.24	9.05	6.95	6.38	10.30	7.93	12.48	5.84	5.35	4.08	6.07	11.55	14.80	9.45		ending per		4.
21.23	20.03	21.90	24.11	25.37	26.41	27.26	28.78	30.48	32.44	35.06	37.07	38.17	40.47	41.86	43.17	45.95	46.80		lue per sh		51.2
29.70 25.2	30.10 17.9	30.40 16.5	30.80 14.8	32.60 13.9	35.20	35.80 16.0	37.50 14.7	39.40 15.9	41.40 18.6	45.90 17.2	49.10	49.60 18.6	51.10 23.0	51.50 22.2	51.70 24.7	52.00 Bold fig	52.50		n Shs Out i'l P/E Rat		54.: 18
1.33	.95	.89	.79	.84	1.07	1.02	.92	1.01	1.05	.91	.76	.98	1.16	1.20	1.32	Value	Line	5	P/E Ratio		1.
.9%	2.8%	3.2%	3.6%	4.4%	5.8%	5.0%	4.6%	4.5%	3.9%	3.9%	4.0%	3.6%	3.0%	3.0%	2.9%	estin	ates	Avg Ann	i'l Div'd Yi	eld	3.7
		CTURE a			C mill	907.0	928.2	961.2	1018.4	1136.8	1486.4	1339.7	1419.3	1498.6	1240.5	1155	1240	Revenue			13
		2.5 mill. E) mill. L				75.3	93.8 27.6%	97.1 28.1%	104.7 21.5%	124.8 22.6%	163.4 19.4%	155.3 11.3%	159.2 14.8%	174.1 14.8%	172.4 NMF	165 NMF	185 NMF	Net Prof Income	· · /		2: NN
LT inte	erest earn	ed: 3.4x)				8.9%	2.7%	5.3%	4.4%	6.3%	2.0%	1.4%	.8%	.7%	1.3%	2.0%	2.0%		% to Net F	Profit	1.0
eases	, Uncapi	talized A	nnual ren	tals \$6.6	mill.	44.2%	44.3%	43.7%	44.6%	44.2%	46.3%	42.0%	41.0%	39.9%	38.6%	41.5%	41.0%		rm Debt F		41.0
Pensio	n Assets	-12/19 \$6	399 6 mill			55.8% 1747.6	55.7% 1937.2	56.3% 2134.6	55.4% 2425.9	55.8% 2882.2	53.7% 3388.9	58.0% 3263.4	59.0% 3507.4	60.1% 3584.3	61.4% 3632.8	58.5% 4080	59.0% 4150		n Equity F		59.0 472
				blig \$854	4.0 mill.	1805.6	1937.2	2134.6	2425.9	2002.2 3286.4	3669.1	3741.2	3822.4	3904.3	4377.0	4080	5205	Net Plan	pital (\$mi t (\$mill)	")	53
Pfd Sto	ock None					5.4%	6.0%	5.6%	5.3%	5.2%	5.8%	5.8%	5.5%	5.8%	5.6%	5.0%	5.5%	Return o	n Total C		6.0
Comm	on Stock	51,974,8	85 shs.			7.7%	8.7%	8.1%	7.8%	7.8%	9.0%	8.2%	7.7%	8.1%	7.7%	7.0%	7.5%		n Shr. Eq		8.5
MARK	ET CAP:	\$2.9 billi	on (Mid C	Cap)		7.7%	8.7% 2.9%	8.1% 2.3%	7.8%	7.8%	9.0%	8.2% 2.8%	7.7%	8.1% 2.7%	7.7% 2.3%	7.0%	7.5%		n Com Ed to Com I		<u>8.5</u> 3.0
LECT	RIC OPE	RATING				81%	66%	71%	72%	67%	60%	66%	68%	66%	70%	77%	73%		s to Net P		65
6 Change	Retail Sales (KWH)	2017 +8.4	2018 2	2019 -1.5				c. is the p										15; sold		
Avg. Indúst Avg. Indúst	t. Use (MWH) t. Revs. per K	WH (c)	NA NA	NA NA	NA NA				6,000 cust wer in nor										6; other, a. rate: 3.		
Capacity at	t Peak (Ŵw) , Winter (Mw)		NA 1599	NA 1589	NA 1573	down: t	taconite i	, mining/pr	ocessing,	26%; pa	aper/woo	d product	ts, 9%;	employe	es. Chai	irman: Al	an R. Ho	dnik. Pre	esident &	CEO: E	Bethar
Annual Loa	ad Factor (%) Customers (a	vn)	NA	1589 NA NA	1573 NA NA				dential, 12 E Clean E										Superior Southers		utn, M
-			339	296	277	ALL	ETE	is fa	cing a	cha	lleng	ing o	per-	tome	rs ha	ve su	bmitt	ed de	mand	nom	nina
	ge Cov. (%) AL RATE	S Past	Pas		1'17-'19	atin	g en	viron	ment.	The	rece	ssion	and	tions	(telli	ng the	e utili	ty hov	w muo	ch ele	ectri
	e (per sh)	10 Yrs. 1.0	5 Yr	s. to	' 23-'25 1.0%				s prob ary uti										r full 21. A(
Cash	Flow"	5.5	% 6.0	0%	4.5%				more					bene	fit fro	om a	303-1	megav	vatt p	projec	t ir
arnin	ňds	2.5 3.0	% 3.	5%	4.5% 4.0%				use th					Okla	homa	that	shou	ld be	com	pleted	i by
3ook V		5.0			3.5%				ector a										150 mi upco		
Cal- endar		ITERLY RE Jun. 30			Full Year				ts faci					2021	. Filii	ngs w	vere p	ostpo	ned fi	rom 3	2020
2017	365.6	353.3	362.5	337.9	1419.3				ner's p										weak		
2018 2019	358.2 357.2	344.1 290.4	348.0 288.3	448.3 304.6	1498.6 1240.5				Ener										o app ater,		
2019	311.6	290.4 243.2	288.3 293.9	304.6 306.3	1240.5 1155	creas	sed co	mpet	ition a	nd p	ricing	press	sure.	Powe	er wil	l pro	bably	file	somet	ime	nex
2021	325	285	305	325	1240				y to d						Thes E's eau				iould :	raise	AL
Cal-		RNINGS P			Full				a-shaı secono										creas	se in	the
endar 2017	.97	Jun. 30 .72	.88	.56	Year 3.13	fund	of p	reviou	sly col	llecte	d reve	enues.	We	first	quar	ter o	of 202	21. Th	is is	the u	isua
2018	.99	.61	.59	1.18	3.38				our e anagei										nate a he an		
2019 2020	1.18	.64 .39	.60 .78	.92 .75	3.33 3.20				anage										me an smalle		
2020	1.20	.39	.75	.75	3.50	Cons	siderir	ng all	of the	ese fa	ctors,	the s	stock	2020	becau	ise th	e payo	out ra	tio is a	above	
Cal-		ERLY DIVI			Full				ned 31)%-659		
endar	Mar.31	Jun.30		Dec.31	Year		one o is ind		worst	-perf	ormin	g equ	nues						rield ove tł		
2016 2017	.52 .535	.52 .535	.52 .535	.52 .535	2.08	We	expe	ct m	uch h					aver	age.	Total	retur	n pote	ential	is a	bove
2018	.56	.56	.56	.56	2.24	2021	. The	seco	nd-qua	rter	compa	rison	will	avera	age for	r the 1	next 1	.8 moi	nths a		
	.5875	.5875	.5875	.5875	2.35	pe ea	asy au		he rev					ior th	1e 3- t		ear pe	r10d.			
2019 2020	.6175	.6175	.6175	.6175		Moet	t of N	/linne	sota P	Ower	's tan	onite	C118-	Paul	E. De	hhae	CFA	Do	cembe	r 11	209

Company's Financial Strength	Α
Stock's Price Stability	95
Price Growth Persistence	60
Earnings Predictability	85
o subscribe call 1-800-VALL	JELINE

 (A) Diluted EPS. Excl. nonrec. gains (losses):
 to rounding. Next earnings report due early paid in early Mar., 26c; gain (losses) on disc. ops.: '04, \$25.7; '05, '17, 25c; '19, Feb. (B) Div'ds historically paid in early Mar., 26c; gain (losses) on disc. ops.: '04, \$25.7; '05, 'Janeholder invest. plan avail. (C) Incl. [C) Incl. [Com. eq., '19: 7.9%. Regulatory Climate: Avg., avail. † Shareholder from sources believed to be reliable and is provided without warranties of any kind.
 Cc

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<u>Alliant energ</u>			-	P	RICE	52.6				ng: 19.8) an: 17.0)	RELATIV P/E RATI	0 1.0		2.9)%	ALUI		
IMELINESS 3 Lowered 7/3/20	High: Low:	15.8 10.2		22.2 17.0	23.8 20.9		34.9 25.0	35.4 27.1	41.0 30.4	45.6 36.6	46.6 36.8	55.4 40.8	60.3 37.7				Price	
AFETY 2 Raised 9/28/07	LEGEN	NDS 90 x Divide	ends p sh nterest Rate										, r					80
ECHNICAL 7 Raised 12/11/20 ETA .85 (1.00 = Market)	Re 2-for-1 sp	elative Pric	e Strength						2-107-1			j						60
B-Month Target Price Range	Options: '	Yes	ates recess	ion	\sim				1	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		r''''''''''	, ¹¹					50 40
ow-High Midpoint (% to Mid)				\Box	[,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		1 ₁₁₁₁₁₁₁ 111	հերդուն				'					30
43-\$91 \$67 (25%)						ս ^{ել կ}												25 20
2023-25 PROJECTIONS Ann'l Total			արու	ans la														15
Price Gain Return	*******	ĬĬ• † ¹ ¹			••••	·		·	••••••••			•.•.••	,** °,**,*					10
gh 55 (+5%) 4% w 40 (-25%) - <i>3%</i>						••••	*****				••••				% TOT	Returi	 N 11/20	_7.
Accessions 402019 102020 202020																	L ARITH.*	
Buy 272 236 227	Percent shares	16 -	l ili i		1						անու հ	Li u			1 yr. 3 yr.	1.4 26.7	15.7 23.5	F
Sell 209 272 258 d's(000) 188011 182284 186056	traded	8 -				huutu									5 yr.	102.6	64.0	
lliant Energy, formerly called gy Corporation, was forme			2010	2011	2012		2014		2016	2017	2018	2019	2020	2021		JE LINE P	UB. LLC	-
998 through the merger of V			15.40 2.60	16.51 2.75	13.94	14.77 3.34	15.10 3.44	14.34 3.45	14.58 3.45	14.62 3.10	14.97 4.32	14.89 4.59	14.60 4.75	14.90 4.95	Revenue "Cash F	es per sn low" per s	sh	15. 5.
ES Industries, and Interstate	e Power	. WPL	1.38	1.38	1.53	1.65	1.74	1.69	1.65	1.99	2.19	2.33	2.45	2.60	Earning	s per sh <i>'</i>	4	3.
tockholders received one s tate Energy stock for each W			.79	.85	.90	.94	1.02	1.10	1.18	1.26	1.34	1.42	1.52	1.61		cl'd per s		1.
ockholders received 1.14 Ir	nterstate	Ener-	3.91 13.05	3.03 13.57	5.22 14.12	3.32 14.79	3.78 15.54	4.25 16.41	5.26 16.96	6.34 17.21	6.34 19.43	6.28 21.24	5.50 23.60	5.05 24.35		ending pe lue per sl		5. 28.
y shares for each IES share, ower stockholders received			221.79	222.04	221.97	221.89	221.87	226.92	227.67	231.35	236.06	245.02	250.00	255.00	Commo	n Shs Out	st'g D	265
ower stockholders received nergy shares for each Int			12.5 .80	14.5 .91	14.5	15.3 .86	16.6 .87	18.1 .91	22.3 1.17	20.6	19.1	21.2 1.19	Bold figu Value			I P/E Rat P/E Ratio		10
nare.	ersiale	I Ower	4.6%	4.3%	4.1%	3.7%	3.5%	3.6%	3.2%	3.1%	3.2%	2.9%	estim			'l Div'd Yi		4.1
APITAL STRUCTURE as of 9/30	/20		3416.1	3665.3	3094.5		3350.3	3253.6	3320.0	3382.2	3534.5	3647.7	3650	3800	Revenue			41
Debt \$7003.0 mill. Due in 5 N T Debt \$6574.0 mill. LT Interes			303.9	304.4	337.8	382.1	385.5	380.7	373.8	455.9	512.1	557.2	610	655	Net Prof			7
T interest earned: 2.9x)	α ψ240.0		30.1%	19.0%	21.5%	12.4%	10.1%	15.3% 6.5%	13.4% 7.0%	12.5% 7.6%	8.4% 7.8%	10.8% 7.6%	NMF 7.5%	NMF 7.5%		Fax Rate % to Net F	Profit	11.0 7.5
ension Assets-12/19 \$930.4 mill	. Oblig. §	61279.7	46.3%	45.7%	48.4%	46.1%	49.7%	48.6%	52.8%	49.0%	53.4%	51.5%	52.0%	52.0%		rm Debt F		52.0
ill.	-		49.5%	50.9%	48.4%	50.8%	47.5%	51.4%	47.2%	48.6%	46.6%	48.5%	48.0%	48.0%		n Equity F		48.0
fd Stock \$400.0 mill. Pfd Div'd 5,000,000 shs.	\$10.2 mi	11.	5840.8 6730.6	5921.2 7037.1	6476.6 7838.0		7257.2 6442.0	7246.3 8970.2	8177.6 9809.9	8192.8 10798	9832.0 12031	10226 13527	10500 14000	11000 15000	Total Ca Net Plan	pital (\$mi t (\$mill)	II)	125 180
ommon Stock 249,760,663 shs.			6.6%	6.4%	6.3%	7.0%	6.3%	6.3%	5.6%	6.8%	6.3%	4.1%	6.0%	6.0%		n Total C	ap'l	6.5
			9.7%	9.5%	10.1%	11.0%	10.6%	10.2%	9.7%	10.9%	11.2%	10.7%	10.5%	10.5%		n Shr. Eq		10.5
ARKET CAP: \$13.1 billion (Larg	ge Cap)		9.9%	9.5% 3.3%	10.3%	11.3% 4.9%	10.9% 4.3%	10.2% 3.6%	9.7% 2.8%	6.4% 4.0%	11.2%	10.7% 4.2%	10.5% 4.0%	10.5% 4.0%	-	n Com Ed to Com I		10.5 3.5
LECTRIC OPERATING STATIST			64%	67%	64%	57%	61%	65%	71%	63%	61%	61%	62%	63%		s to Net P		6
Change Retail Sales (KWH) -1.0	2018 +2.0	2019 -2.2				rgy Corp.,							coal, 27%					
g. Indust. Use (MWH) 11769 g. Indust. Revs. per KWH (¢) 7.16	11830 7.25	11448 6.98				y formed							depreciation oximately					
pacity at Peak (Mw) 5375 ak Load, Summer (Mw) 5375	5459 5459	5626 5626	and oth	ner servio	ces in W	lisconsin,	lowa, an	d Minnes	sota. Elec	t. revs.	ecutive	Officer:	John O. L	arsen. li	ncorporat	ed: Wisc	onsin. A	ddres
Inual Load Factor (%) NA Change Customers (yr-end) +.4	NA +.4	NA +.6				57%; MN, trial, 28%							re Lane, nternet: w				18. Tele	ephor
	322	324			_	y rai							e wea				ds at	t ar
ked Charge Cov. (%) 319 NNUAL RATES Past Past		324 '17-'19	ings	out	look.	The	utilit	y nov	w exp	\mathbf{pects}	proxi	matel	y \$14	l0 mi	illion.	Altho	ough	thi
change (per sh) 10 Yrs. 5 Yr	s. to'	23-'25 1.0%				e betw evious							y impa incorp					
Cash Flow" 4.5% 3.	5% 4	4.5%				ne mid					relat	ed cos	sts), Īe	eaders	ship is	antic	cipati	ng
ividends 7.0% 7.	0%	5.5% 7.0%				by \$0.(earnin							iles h					ecte
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Cal- QUARTERLY REVENUES (ndar Mar.31 Jun.30 Sep.30		Full Year	duri	ng the	e first	nine r	nonth	s of th	ne yea	r.	dend	l in 🛛	Nove	mber.	. This	has	been	th
017 853.9 765.3 906.9	856.1	3382.2	mid			provi the fi							recen					
2018 916.3 816.1 928.6 2019 987.2 790.2 990.2	873.5 880.1	3534.5 3647.7	-			et to k							last y					
020 915.7 763.1 920.0	1051.2	3650	\$2.64			ting g							i payo					
021 <i>1000 890 970</i> Cal- EARNINGS PER SHAR	940	3800				ate of ng oth							ontinu 2020,					
Cal- EARNINGS PER SHAR		Full Year	econ	omy	and	continu	ued n	egātiv	ve_im	pact	appro	oxima	tely 3	4% of	fitse	energy	fron	n re
.44 .41 .73	.41	1.99				D-19 h roducti							with a r. Coa					
2018 .52 .43 .87 2019 .53 .40 .94	.37 .46	2.19 2.33				eing pl							er. Coa at 259					
.72 .54 .94	.25	2.45	liant	expe	cts to	have	a cor	nsolida	ated e		tends	s to r	educe	that	num	ber to	o the	lo
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Cal- QUARTERLY DIVIDENDS PA ndar Mar.31 Jun.30 Sep.30		Full Year				te Aug							ergy e sam					
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(A) Diluted EPS. Excl. nonrecur. gains (losses): reinvest. plan avail. † Shareholder invest. plan 10, (8c); 11, (1c); 12, (8c). Next earnings rpt. avail. (C) Incl. deferred chgs. In '19; %22.0 mill., due mid-February. (B) Dividends historically \$0.29/sh. (D) In millions. adjusted for split. (E) paid in mid-Feb., May, Aug., and Nov. ■ Div/d Rate base: Orig. cost. Rates all'd on com. eq.

Price Growth Persistence	75
Earnings Predictability	90
To subscribe call 1-800-VALL	JELINE

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2005 | 187833
2006 | 196379
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 | 2008 | 2009 | 2010 | 2011
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 | 2021 | © VALUE L | | | 23-2 |
| 26.43 | 33.12 | 33.30 | 36.23

 | 36.92 | 29.87 | 31.77 | 31.04
 | 28.14 | 24.06 | 24.95 | 25.13
 | 25.04 | 25.46 | 25.73 | 24.00 | 22.65
 | 23.65 | Revenues p | er sh | | 25. |
| 5.57 | 6.10 | 6.02 | 6.76

 | 6.44 | 6.06 | 6.33 | 5.87
 | 5.87 | 5.25 | 5.77 | 6.08
 | 6.59 | 6.80 | 7.64 | 7.83 | 8.15
 | 8.80 | "Cash Flow" | | | 10.5 |
| 2.82
2.54 | 3.13
2.54 | 2.66
2.54 | 2.98
2.54

 | 2.88
2.54 | 2.78
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1.54 | 2.47
1.56
 | 2.41
1.60 | 2.10 | 2.40
1.61 | 2.38
1.66
 | 2.68
1.72 | 2.77
1.78 | 3.32
1.85 | 3.35
1.92 | 3.45
2.00
 | 3.70
2.09 | Earnings pe
Div'd Decl'd | | в | 4.
2. |
| 4.13 | 4.63 | 4.99 | 6.96

 | 9.75 | 7.51 | 4.66 | 4.50
 | 5.49 | 5.87 | 7.66 | 8.12
 | 8.78 | 9.05 | 9.56 | 9.92 | 15.85
 | 11.65 | Cap'l Spend | | | 11. |
| 29.71 | 31.09 | 31.86 | 32.41

 | 32.80 | 33.08 | 32.15 | 32.64
 | 27.27 | 26.97 | 27.67 | 28.63
 | 29.27 | 29.61 | 31.21 | 32.73 | 35.70
 | 37.75 | Book Value | | | 44. |
| 195.20
16.3 | 204.70
16.7 | 206.60 | 208.30

 | 212.30
14.2 | 237.40
9.3 | 240.40
9.7 | 242.60
11.9
 | 242.63
13.4 | 242.63
16.5 | 242.63
16.7 | 242.63
17.5
 | 242.63
18.3 | 242.63
20.6 | 244.50
18.3 | 246.20
22.1 | 254.00
Bold figu
 | 258.00 | Common Sh
Avg Ann'l P/ | | g D | 270.0
16 |
| .86 | .89 | 1.05 | .92

 | .85 | .62 | .62 | .75
 | .85 | .93 | .88 | .88
 | .96 | 1.04 | .99 | 1.18 | Value
 | Line | Relative P/E | | | |
| 5.5% | 4.9% | 4.9% | 4.9%

 | 6.2% | 6.0% | 5.8% | 5.3%
 | 5.0% | 4.6% | 4.0% | 4.0%
 | 3.5% | 3.1% | 3.0% | 2.6% | estim
 | ates | Avg Ann'l D | v'd Yield | i | 3.4 |
| | | CTURE a |

 | | | 7638.0 | 7531.0
 | 6828.0 | 5838.0 | 6053.0 | 6098.0
 | 6076.0 | 6177.0 | 6291.0 | 5910.0 | 5750
 | 6100 | Revenues (\$ | | | 69 |
| | ebt \$108
t \$10172 | 01 mill. E
mill I | Due in 5 N
T Interes

 | | | 669.0 | 602.0
 | 589.0 | 518.0 | 593.0 | 585.0
 | 659.0 | 683.0 | 821.0 | 834.0 | 870
 | 965 | Net Profit (\$ | | | 12 |
| T inter | rest earn | ed: 3.3x) |

 | | | 36.8%
7.8% | 37.3%
5.6%
 | 36.9%
6.1% | 37.5%
7.1% | 38.9%
5.7% | 38.3%
5.1%
 | 36.7%
4.1% | 38.2%
5.6% | 22.4%
6.9% | 17.9%
5.8% | 15.5%
6.0%
 | 12.5%
5.0% | Income Tax
AFUDC % to | | fit | 12.5
4.0 |
| | | talized A
s-12/19 \$4 |

 | itals \$8 m | nill. | 48.2% | 45.3%
 | 49.5% | 45.2% | 47.2% | 49.3%
 | 47.7% | 49.2% | 50.3% | 52.1% | 54.5%
 | 53.0% | Long-Term [| | | 51.0 |
| | | | (

 | Oblig \$49 | 967 mill. | 50.9% | 53.7%
 | 49.4% | 53.7% | 51.7% | 49.7%
 | 51.3% | 49.8% | 48.8% | 47.1% | 44.5%
 | | Common Eq | | io | 48.5 |
| | ck \$142
5 sh. \$3.5 | mill. H
50 to \$5.5 | Pfd Div'd
0 cum. (n

 | | 100 | 15185 | 14738
 | 13384 | 12190 | 12975 | 13968
 | 13840 | 14420 | 15632 | 17116 | 20325
 | 20975 | Total Capita | | | 248 |
| tated v | al., rede | em. \$102 | .176-\$110

 | 0/sh.; 616 | 6,323 | 17853 | 18127
5.6%
 | 16096
6.0% | 16205
5.6% | 17424
5.8% | 18799
5.3%
 | 20113 | 21466
6.0% | 22810
6.4% | 24376
6.0% | 27200
5.5%
 | 28900
5.5% | Net Plant (\$)
Return on To | | | 333
6.0 |
| n. 4.00
104/sh | | 25%, \$10 | JU par, rec

 | jeem. şı | 00- | 8.5% | 7.5%
 | 8.7% | 7.7% | 8.7% | 8.3%
 | 9.1% | 9.3% | 10.6% | 10.2% | 9.5%
 | | Return on S | | | 10.0 |
| | | 247,206 |

 | | /30/20 | 8.6% | 7.5%
 | 8.8% | 7.8% | 8.7% | 8.3%
 | 9.2% | 9.4% | 10.7% | 10.3% | 9.5%
 | | Return on C | | ty E | 10.0 |
| | | \$19 billic
RATING |

 | • • | | 3.8%
56% | 2.8%
63%
 | 3.0%
66% | 1.9%
76% | 2.9%
67% | 2.5%
70%
 | 3.3%
64% | 3.4%
64% | 4.8%
56% | 4.4%
57% | 4.0%
58%
 | 4.0%
56% | Retained to
All Div'ds to | | F | 4.5
54 |
| | | | 2017

 | 2018 | 2019 | | | |
 | | orporation | |
 | | | | |
 | | uclear, 23%; | | | |
| va. Indust. | Retail Sales (
Use (MWH) | . , | -3.4
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 | +5.6
NA | -3.5
NA | through | the mer
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 | Has 1.2 | million | | |
 | | of revenues. | | | |
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Peak (Mw) | WH (¢) | NA
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| Capacity at | | · A | NA

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| Capacity at
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 | NA | NA | | tial, 43%
 | ; comm | nercial, 32 | ?%; indu | strial, 89
 | %; other | 17%. | Tel.: 31 | 4-621-32 | 22. Intern
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Company's Financial Strength Stock's Price Stability Price Growth Persistence	A 95 80
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 (A) Dil. EPS. Excl. nonrec. gain (losses): '05, (11c); '10, (\$2.19); '11, (3c); '12, (\$6.42); '17, (\$3c); gain (loss) from disc. ops.: '13, (92c); '15, 21c. '17 EPS don't sum due to rounding.
 Next egs. report due mid-Feb. (B) Div'ds pd. late Mar., June, Sept., & Dec. = Div'd reinv.
 all'd on com. eq. in MO in '20: elec., none; in 11: gas, none; in L in '14: elec., 8.7%, in '18: gas, 9.87%; earned on avg. com. eq., '19: (0) In mill. (E) Rate base: Orig. cost depr. Rate 0 2020 Value Ine, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.
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DOCKET NO. 20210034-EI EXHIBIT NO. DWD-1 WITNESS: D'ASCENDIS DOCUMENT NO. 4 PAGE 5 OF 14 FILED: 04/09/2021

DU	KE E	NEF	RGY				P	ecent Rice	93.8			9 (Medi	ng: 18.7) an: 18.0)	RELATIVE P/E RATIO	0.9	4 VLD	4.2	2%	/ALU LINE	=	
TIMELI	NESS -	Suspend	ed 11/13/20	High: Low:	53.8 35.2	55.8 46.4	66.4 50.6	71.1 59.6	75.5 64.2	87.3 67.1	90.0 65.5	87.8 70.2	91.8 76.1	91.4 72.0	97.4 82.5	103.8 62.1				t Price 2024	
SAFET	ι 2	New 6/1/	07	LEGE	NDS 54 x Divide	ends p sh													2025	2024	
TECHN		 Suspend 	ed 11/13/20	div Re	vided by In elative Pric	terest Rate e Strength										,					
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Low-Hig		et Price	•	Shaded	area indic	ates recess	ion	Reve							į						120
\$62-\$13	-	D (5%)	to miu)					*							,, 101''10	u Iuluu ●					+100
			ONS		•••		- Jul	[.]	<u>,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,</u>		111111	111111	<u> </u>			1					\square_{60}
	Price	Aı Gain	nn'l Total Return				••••														40
		⊦30%) (-5%)	10% 3%				******		******	·······	•••••••••	••••••			······						
		Decision		l			.	الت						····*		•••		% TO	T. RETUR	L ARITH.*	10
to Buy	402019 806	102020 682	202020 699	Percent shares								11 1		11.1.1.1.				1 yr.	1.1	INDEX 0.9	18
to Sell	557	723 473369	666 471851	traded	5 -													3 yr. 5 yr.	17.7 58.6	8.2 39.8	F
2004	2005	2006	2007	2008	2009	2010	2011	2012		2014	2015			2018	2019	2020	2021	© VAL	UE LINE P	UB. LLC	23-25
		25.32	30.24	31.15	29.18	32.22	32.63	27.88	34.84	33.84	34.10	32.49	33.66	33.73	34.21	31.55	32.15		es per sh	-h	34.5
		7.86 2.76	8.11 3.60	7.34 3.03	7.58 3.39	8.49 4.02	8.68 4.14	6.80 3.71	8.56 3.98	9.11 4.13	9.40 4.10	9.20 3.71	10.01 4.22	10.49 4.13	12.13 5.07	12.20 5.20	12.75 5.30		low" per s per sh		14.5 6.0
			2.58	2.70	2.82	2.91	2.97	3.03	3.09	3.15	3.24	3.36	3.49	3.64	3.75	3.82	3.90	Div'd De	ecl'd per s	h ^B ∎	4.
		8.07 62.30	7.43 50.40	10.35 49.51	9.85 49.85	10.84 50.84	9.80 51.14	7.81 58.04	7.83 58.54	7.62 57.81	9.83 57.74	11.29 58.62	11.50 59.63	12.91 60.27	15.17 61.20	15.50 61.75	14.70 63.35		pending p alue per s		13.7 69.0
		418.96	420.62	49.51	49.65	442.96	445.29	704.00	706.00	707.00	688.00	700.00	700.00	727.00	733.00	764.00	770.00		n Shs Ou		785.0
			16.1	17.3	13.3	12.7	13.8	17.5	17.4	17.9	18.2	21.3	19.9	19.4	17.7	Bold fig	ures are	Avg Ani	n'I P/E Ra		17.
			.85 4.4%	1.04 5.2%	.89 6.2%	.81 5.7%	.87 5.2%	1.11 4.7%	.98 4.4%	.94 4.3%	.92 4.3%	1.12 4.3%	1.00 4.2%	1.05 4.5%	.94 4.2%	Value estim			e P/E Ratio n'I Div'd Y		4.0
CAPITA		CTURF #	4.4 /0 as of 6/30		0.2 /0	14272	14529	19624	24598	23925	23459	22743	23565	24521	25079	24100	24750	-	es (\$mill)	i i u	270
Total D	ebt \$646	84 mill. E	Due in 5 Y	rs \$2239		1765.0	1839.0	2136.0	2813.0	2934.0	2854.0	2560.0	2963.0	2928.0	3755.0	3940	4180				47
		mill. L apitalized	T Interes leases.	st \$2190 i	mill.	32.6%	31.3%	30.2%	32.6%	30.6%	32.2%	31.0%	30.4%	14.2%	12.7%	12.0%	12.0%		Tax Rate		12.0
	rest earn		nnual ren	tale \$268	2 mill	22.7% 44.3%	23.2% 45.1%	22.3% 47.0%	8.8% 48.0%	7.2%	9.2% 48.6%	11.7% 52.6%	12.3% 54.0%	13.0% 53.8%	7.9%	8.0% 53.0%	8.0% 53.5%		% to Net		8.0 54.0
			3910 mill.			55.7%	54.9%	52.9%	52.0%	52.3%	51.4%	47.4%	46.0%	46.2%	44.1%	45.0%	44.5%		n Equity I		44.5
Pfd Sto	ck \$1962	2 mill. F) fd Div'd	358 mill.		40457	41451	77307	79482	78088	77222	86609	90774	94940	101807	105100			pital (\$mi	II)	1220
40 mill.	shs. 5.75	5%, cum.,	\$25 liq. \	/alue,		40344 5.5%	42661 5.6%	68558 3.6%	69490 4.6%	70046	75709 4.8%	82520 4.0%	86391 4.3%	91694 4.2%	102127 4.8%	108475 5.0%	114050 5.0%		on Total C	ap'l	1284 5.0
4.875%	, cum., \$	1000 liq. י				7.8%	8.1%	5.2%	6.8%	7.2%	7.2%	6.2%	7.1%	6.7%	8.0%	8.0%	8.0%	Return of	on Shr. Eq	uity	8.5
			,137 shs. on (Large		31/20	7.8%	8.1% 2.2%	5.2% .9%	6.8% 1.5%	7.2%	7.2%	6.2%	7.1%	6.7%	8.3%	8.0% 2.0%	8.5% 2.0%		on Com E		8.5 2.5
			STATIST			73%	72%	.9% 82%	78%	76%	79%	.0%	83%	1.0% 84%	2.4% 71%	2.0%	2.0%		d to Com Is to Net I		2.5
	Retail Sales (2017 -2.0	2018 +3.9	2019 9	BUSIN	ESS: Dul	ke Energ	y Corpora	ition is a	holding (company	for util-	resident	ial, 44%	; comme	rcial, 28	%; indu	strial, 14	%; othei	r, 149
Ava. Indust	Use (MWH) Revs. per K		2914 NA	2953 NA	2934 NA				ustomers										%; coal, 2 19 report		
Capacity at	Peak (Mw)		NA	NA NA	NA	penden	t power	plants 8	in OH, K has 259	% stake	in Natio	nal Meth	anol in	3.1%. H	as 28,80	0 employ	ees. Cha	airman, F	President	& CEO:	Lynn
Annual Loa	Summer (Mv d Factor (%)		NA NA	NA	NA				gress Ene st int'l op					Good. 1	nc.: DE.	. Addres	s: 550	South T	ryon St., www.duke	Charlo -onorgy	tte, N
•	Customers (a	ry.)	+1.3	+1.4	+1.5				y a ta					We					earn	0,	
	ge Cov. (%)	S Past	272 Pa:	218 st Fst'd	233 1'17-'19	The	stock	pric	e rose	e 7%	on S	Septer	nber	crea	ses in	a 2020) and	2021	. Desp	ite th	ie e
of change	e (per sh)	10 Yrs.	5 Yr	rs. to'	'23-'25				e Wall										n kilo		
Revenu 'Cash	Flow"	1.0 3.5	% 6.		.5% 5.0%				xtEra possib										s to c 50 mi		
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Book V		2.0			2.5%	form	abou al off	er, th	a. Ever nere is	i ii iN 8 no	extEr: assur	a mak ance	that						ease i eache		
Cal- endar			VENUES (Sep.30		Full Year	Duke	e_will	accep	t the	propo	sal, a	nd ev	en if	ment	, subj	ject t	o reg	ulato	ry ap	prova	l, i
2017	5729	5555	6482	5799	23565				, there regula										Our comp		
2018 2019	6135 6163	5643 5873	6628 6940	6115 6103	24521 25079	price	of D	uke s	tock h	as st	rengtl	nened	fur-	geted	rang	ge of S	\$5.05-	\$5.45	a sĥ	are. I	Duk
2020	5949	5421	6780	5950	24100				Septe										the lo		
2021	6200 FA	5650 RNINGS P	6850 PER SHARI	6050 F A	24750				e low- the lo										orth is of t		
Cal- endar			Sep.30		Full Year	the a	Journ	<i>al</i> 's r	eport).	The	stock	's Tin	neli-	eral	rate	case	s. Th	ne con	npany	and	th
2017	1.02	.98	1.36	.86	4.22			is su lation	aspend	ted d	ue to	the t	ake-						ssion lion, k		
2018 2019	1.17	.71 1.12	1.63 1.82	.61 .89	4.13	The	com	pany	took					retur	n of §	9.6% e	and a	comn	non-eq	uity	rati
2020	1.24	1.08	1.88	1.00	5.20				or th										bject i		
2021	1.25 OUAR	1.10	1.95	1.00	5.30				oillion for th										arter. n wil		
Cal- endar	Mar.31		IDENDS P. Sep.30	Dec.31	Full Year	inter	est in	ı a pip	peline	proje	et tha	t was	can-	the s	ettlen	nent is	s unki	nown.			
2016	.825	.825	.855	.855	3.36				delays										e-aver		
2017	.855 .89	.855	.89 .9275	.89 .9275	3.49 3.64				litiga ts. Du										•. Pros active		
2010		.89	.3213	.3213	J J.04																
2018 2019	.9275	.9275	.945	.945	3.75				ges of 12 mo		er \$10	00 mi	llion			l retu bbas,			l is su vembe		

 (A) Dil. EPS. Excl. nonrec. losses: '12, 70¢;
 report due mid-Feb. (B) Div/ds paid mid-Mar.,
 Rate all'd on com. eq. in '18 in NC: 9.9%; in '19
 Company's Fina

 '13, 24¢; '14, 67¢; '17, 15¢; '18, 41¢; '20, June, Sept., & Dec. = Div/d reinv. plan avail.
 In SC: 9.5%; in '20 in FL: 9.5%-11.5%; in '20 in Stock's Price St
 Stock's Price St

 '18 EPS don't sum due to rounding. Next egs.
 Id; for rev. split. (E) Rate base: Net orig: cost.
 IN: 9.7%; earn. on avg. com. eq., '19: 8.3%.
 Price Growth PE

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npany's Financial Strength	Α
ck's Price Stability	90
e Growth Persistence	40
nings Predictability	90
ubscribe call 1-800-VALL	JELINE

DOCKET NO. 20210034-EI EXHIBIT NO. DWD-1 WITNESS: D'ASCENDIS DOCUMENT NO. 4 PAGE 6 OF 14 FILED: 04/09/2021

:DI		I INT					P	ecent Rice	61.6		•NM	Medi	ng:NMF) an: 14.0)	RELATIV P/E RATI		F VLD	4.3	5%	ALUI		
IMELIN	iess 3	Lowered	1/22/21	High: Low:	36.7 23.1	39.4 30.4	41.6 32.6	48.0 39.6	54.2 44.3	68.7 44.7	69.6 55.2	78.7 58.0	83.4 62.7	71.0 45.5	76.4 53.4	78.9 43.6				Price	
AFET		Lowered		LEGEN	80 x Divide	ends p sh										<i>r</i>			2020	2024	
ECHNI		Lowered	1/22/21	div •••• Re	vided by Ir elative Pric	terest Rate											-				20 16
	95 (1.00 =		Danas	Options: ' Shaded	Yes area indic	ates recess	ion														1
ow-Hig	-	point (%	-																		
45-\$11	-	(30%)	to wita)									In the second	<u>'</u> '		_{հերհեր} ի,	rn Hhh _u r	•				<u> </u>
		OJECTIC	ONS		•••			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,						- F		Hum					
			nn'l Total Return						····	••	• • • • •	•••••	••••••••••								—зо
gh W		+55%) (+5%)	14% 6%			••••	•••••		····.	,•• •••• ••			•	······		•••		1			L_20
		Decision														· • • •			THIS V	N 12/20 /L ARITH.*	
Buy	102020 274	202020 294	302020 269	Percent	t 30 - 20 -													1 yr.	THIS N STOCK -12.8	INDEX 18.8	F
Sell	304 318333	264 329959	264 334110	traded	10 -					httaatatt			त्तातात					3 yr. 5 yr.	12.0 26.6	29.9 81.5	F
004	2005	2006	2007	2008	2009	2010	2011	2012		2014	2015		2017	2018	2019		2021		UE LINE P	UB. LLC	23-2
1.30	36.38	38.74	40.25	43.31	37.98	38.09	39.16	36.41	38.61	41.17	35.37	36.43	37.81	38.85	34.11	35.60	35.45		es per sh	.	41.
3.79 .69	6.99 3.34	7.25 3.28	7.60 3.32	8.08 3.68	7.96 3.24	8.41 3.35	9.03 3.23	9.63 4.55	8.80 3.78	9.95 4.33	10.35 4.15	10.43 3.94	11.03 4.51	4.69 d1.26	9.15 3.98	7.95 1.70	10.30 4.05		low" per : s per sh 4		12. 4.
.80	1.02	1.10	1.18	1.23	1.25	1.27	1.29	1.31	1.37	1.48	1.73	1.98	2.23	2.43	2.48	2.58	2.68		cl'd per s		3
5.32	5.73	7.78	8.67	8.67	10.07	13.94	14.76	12.73	11.05	11.99	12.97	11.46	11.75	13.84	13.47	13.20	13.65		ending p		13
8.57 5.81	20.30 325.81	23.66 325.81	25.92 325.81	29.21 325.81	30.20 325.81	32.44 325.81	30.86 325.81	28.95 325.81	30.50 325.81	33.64 325.81	34.89 325.81	36.82 325.81	35.82 325.81	32.10 325.81	36.75 361.99	36.65 379.00	39.05 395.00	Commo	lue per si n Shs Out		44 395
37.6	11.7	13.0	16.0	12.4	9.7	10.3	11.8	9.7	12.7	13.0	14.8	17.9	17.2		16.7	NMF		Avg Ann	'I P/E Rat	io	1
1.99	.62	.70	.85	.75	.65	.66	.74	.62	.71	.68	.75	.94	.87		.89	NMF			P/E Ratio		
3.1%	2.6%	2.6% CTURE a	2.2%	2.7%	4.0%	3.7% 12409	3.4% 12760	3.0% 11862	2.8% 12581	2.6% 13413	2.8%	2.8%	2.9% 12320	3.8% 12657	3.7% 12347	4.3% 13500	14000	-	i'l Div'd Yi es (\$mill)	iela	3. 16
tal De	ebt \$217	38 mill. 🕻)ue in 5 Y	/rs \$6123		1153.0	1112.0	1594.0	1344.0	1539.0	1480.0	1422.0	1603.0	d290.0	1477.0	755		Net Prof			2
	t \$18958 rest earn	mill. L ed: 2.0x)	T Interes	at \$891 m	nill.	32.1%	25.7%	14.3%	25.2%	22.4%	6.6%	11.1%	5.0%		NMF	NMF	Nil	Income	Tax Rate		
ases	, Uncapi	talized Á				16.9% 51.8%	14.8% 55.3%	8.5% 45.2%	7.8%	5.8% 44.1%	8.0% 45.0%	6.8% 41.8%	7.2%	53.6%	11.1% 53.5%	24.0% 55.5%	10.0% 57.0%		% to Net F rm Debt F		9. 59.
		2/19 \$375 3 mill. F				44.3%	40.6%	46.2%	46.2%	44.1%	45.0%	41.0 %	45.8%	38.3%	39.9%	39.5%	38.0%		n Equity F		37.
		08%-4.78 0,000 sh.				23861	24773	20422	21516	23216	24352	24362	25506	27284	33360	35125	38600		pital (\$mi	II)	46
00; 1,	250,000	sh. 6.5%	, cum., \$1	100 liq. va	alue;	24778 6.3%	32116 6.0%	30273 8.9%	30455 7.3%	32981 7.7%	35085	37000 6.9%	39050 7.3%	41348	44285 5.6%	46900 3.5%	49800 5.5%	Net Plan	t (\$mill) n Total C	an'l	57. 5.
		5%, \$1000 500 liq. va		e; 460,01	2 sh.	10.0%	10.0%	14.2%	11.5%	11.9%	11.1%	10.0%	11.6%	NMF	9.5%	5.0%	9.5%		on Shr. Eq		10.
mmc	on Stock	378,513,	912 shs.		/20/20	10.4%	10.5%	15.9%	12.5%	13.0%	12.0%	10.8%	12.7%	NMF	10.2%	4.5%	10.0%	-	n Com E		11.
		\$23 billio RATING				6.5% 40%	6.3% 43%	11.4% 32%	8.1% 40%	8.8% 37%	7.2%	5.6% 53%	6.6% 52%	NMF NMF	4.1% 63%	NMF NMF	3.5% 68%		to Com		4. 6
			2017	2018	2019				rnational							mmercial,					
. Indust.	Retail Sales (Use (MWH)		+.2 643	4 667	-2.7 657	compar	ny for Se	outhern	California	Edison	Compan	y (SCE),	which	ting sou	irces: nu	clear, 8%	6; gas, 7	%; hydro	o, 5%; pi	urchased	i, 80
acity at	Revs: per K Peak (Mw)		NA NA	NA NA	NA NA				mill. cust ern CA (e							of revs. n: William					
ik Load, iual Loai	Summer (Mv d Factor (%)	V)	23508 48.8	23766 48.0	22009 49.6	Edison	Energy	is an ene	ergy svcs.	co. Dise	c. Edison	Mission	Energy	zaro. In	c.: CA. /	Address:	2244 W	alnut Gro	ve Ave.,	P.O. B	ox 9
Xhange (Customer's (y	r-end)	+.7	+.6	+.5				ducer) in							91770. Te		-			
	je Cov. (%)		241	NMF	172				ings e requ							ne rec					
	L RATE: (per sh)	S Past 10 Yrs.	Pas 5 Yr		i '17-'19 '23-'25	tion	. The	botto	m line	e fell	into	the re	ed in	track	s. SČ	Ean	d oth	er pa	rties 1	reach	ed
venu ash l	ies Flow"	-1.0 5'		0% 2 5% 6	2.0% 6.5%				er du ected							that, ould i					
rning /iden	IS	-3.5 7.0	% -10.	5% 12	2.0% 4.0%				and m							ncreme					
	alue	2.0	% 2.	5%	4.0%	Calif	ornia	Edis	on's s	ervice	e area	in 2	2017	costs	from	2018	and 2	019. /	A deci	sion i	s e
al-		TERLY RE Jun.30			Full				also in SCE's					the u	tility	the cr will a	arren apply	for re	covery	of it	arci s ii
dar 17	2463	2965	3672	3220	Year 12320	state	e's wil	dfire	insura	ince	fund,	which	re-	crem	ental	costs	from	2020.	Separ	ately,	th
18	2564	2815	4269	3009	12657				earniı tional							have have					
19 20	2824 2790	2812 2987	3741 4644	2970 3079	12347 13500	item	s fron	n its	2020 "	'core"	earni	ngs g	uid-	prem	ium c	osts t					
21	2900	3100	4800	3200	14000				4.62 a ind loc					mid-2		ty is	20110-		e		in
al- dar		RNINGS F Jun.30			Full Year				ge eff							ternat					
17	1.11	.85	1.43	1.12	4.51	incor	ne be	cause	SCE of	opera	tes un	der a	reg-	billio	n of	comm	on st	ock in	ı orde	r to	
18	.82	.84	1.57	d4.49	d1.26			iechar volum	nism t e	nat	aecouj	pies r	eve-			vildfire d of d					liv
19 20	.64 .50	1.57 .85	1.35 d.76	.45 1.11	3.98 1.70	The	utili	ty is	await							ective					
	.65	1.10	1.40	.90	4.05	gene	eral 1	rate o	case.	SCE	is see	king	rate	men	t. Th	e inci					
21	QUAR Mar.31	TERLY DIV	-		Full				3 billio rder b) ann stoc	ually. s k's d	ivide	nd v	ield	is al	ov
al-		Jun.30	Sep.30	Dec.31	Year									the							
al- dar		5425	5425	5425	217				ar), \$4												
)21 al- dar)17)18	.5425 .605	.5425 .605	.5425 .605	.5425 .605	2.17 2.42	and	\$524	millio	n in 2	2023.	Rate	relief	and	tial i	s_att	ractive	e for	the n	ext 1	8 mo	ntł
al- dar)17	.5425					and the a	\$524 absend	millio ce of t		2023. dfire-	Rate ·liabili	relief ty res	and erve	tial i	s atti a bit a		e for	the n	ext 1	8 mo	ntł

(A) Dil. EPS. Excl. nonrec. gains (losses): '04, (\$5.11): '13, 11¢; '14, 57¢; '15, 11¢; '18, 10¢. (\$2.12; '09, (64¢); '10, 54¢; '11, (\$3.33); '13, '19 EPS don't sum due to chang. in shs. Next (\$1.12); '15, (\$1.18); '17, (\$1.37); '18, (15¢); '19, (21¢); gains (loss) from disc. ops.: '12, | late Jan., Apr., July, & Oct. = Div'd reinv. plan © 2021 Yalue Ine, Inc. all rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

DOCKET NO. 20210034-EI EXHIBIT NO. DWD-1 WITNESS: D'ASCENDIS DOCUMENT NO. 4 PAGE 7 OF 14 FILED: 04/09/2021

	IER	<u>GY (</u>	CORF	NYS	E-ETR		P	ECENT 1 RICE	08.8	5 P/E RATIO	18.	4 (Traili Media	ng: 15.8) an: 13.0)	P/E RATIV		8 DIV'D YLD	3.5	%	ALU LINE		
IMELIN		Raised 1		High: Low:	86.6 59.9	84.3 68.7	74.5 57.6	74.5 61.6	72.6 60.2	92.0 60.4	90.3 61.3	82.1 65.4	87.9 69.6	90.8 71.9	122.1 83.2	135.5 75.2				t Price 2024	
AFET		Raised 1		LEGE	NDS 54 x Divide	ends p sh iterest Rate													2020	2024	
ECHN		B Raised 1	2/11/20	•••• R	elative Pric	iterest Rate e Strength															20 16
	95 (1.00 = nth Taro	et Price	Bange	Options: Shaded	res area indic	ates recess	ion								ut ^{rin}	•السيا•					L 10
ow-Hig	-	point (%	-			տորու				المسلم	1		Jan and L		1 ¹¹¹	+++1 •					80
82-\$18	-	2 (20%)	,	1	1 ₁ +,		- In the second se	իսերեր	ուլուրո	' 'u	-	Pr 10		\sim							$+60 \\ +50$
202	23-25 PR	OJECTIC	DNS nn'l Total	_			••••	••													<u>+</u> 40
		Gain	Return						••••••		•	******				••••••					+30
ow 1	105 `	+30%) (-5%)	10% 3%						•	,*•		·	**********	*******	••••			% тот	Retur	N 11/20	-20
nstitu	1 Itional 402019	Decisior 102020	1S 2Q2020	Percen	t 30 -														THIS \ STOCK	/L ARITH.* INDEX	L
Buy Sell	348 242	281 349	283 315	shares	20 -		. հահե			սիրուլ	ասնա	السيالي	սհուտ		աններու			1 yr. 3 yr.	-3.8 40.3	15.7 23.5	E
ld's(000)	176392 2005	172217 2006	173722 2007	2008	2009	2010	2011	2012	2013	2014		2016	2017			2020	2021	5 yr. © VAL	99.5 JE LINE P	64.0	22.2
46.69	46.61	53.94	59.47	69.15	56.82	64.27	63.67	57.94	63.86	69.71	64.54	60.55	61.35	58.23	54.63	50.50	50.50	Revenue		UD. LLU	50.
8.33	8.18	10.69	11.73	12.89	13.29	16.54	17.53	15.98	16.25	17.68	17.71	18.72	16.70	16.50	17.19	17.10	18.05	"Cash F	low" per s		21.0
3.93 1.89	4.40 2.16	5.36 2.16	5.60 2.58	6.20 3.00	6.30 3.00	6.66 3.24	7.55 3.32	6.02 3.32	4.96 3.32	5.77 3.32	5.81 3.34	6.88 3.42	5.19 3.50	5.88 3.58	6.30 3.66	5.65 3.74	5.95 3.86	Earnings Div'd De	s per sh 4 cl'd ner s		7. 4.
6.51	6.72	9.44	10.29	13.92	12.99	13.33	15.21	18.18	15.73	14.82	16.79	17.28	22.07	22.45	21.72	20.60	18.70	Cap'l Sp	ending p	er sh	19.
38.26 16.83	35.71 216.83	40.45 202.67	40.71 193.12	42.07 189.36	45.54 189.12	47.53 178.75	50.81 176.36	51.73 177.81	54.00 178.37	55.83 179.24	51.89 178.39	45.12 179.13	44.28 180.52	46.78 189.06	51.34 199.15	53.55 201.00	56.30 204.00		lue per sl n Shs Out		64. 210.
15.1	16.3	14.3	19.3	16.6	12.0	11.6	9.1	11.2	13.2	12.9	12.5	10.9	15.0	13.8	16.5	Bold fig			'I P/E Rat		17
.80	.87	.77	1.02	1.00	.80	.74	.57	.71	.74	.68	.63	.57	.75	.75	.88	Value estim	Line		P/E Ratio		
3.2%	3.0%	2.8%	2.4% as of 9/30	2.9%	4.0%	4.2% 11488	4.9% 11229	4.9%	5.1% 11391	4.5% 12495	4.6% 11513	4.6% 10846	4.5% 11074	4.4%	3.5% 10879	10150		•	'l Div'd Y	iela	3.7 106
otal De	ebt \$220	60 mill. C	Due in 5 Y	rs \$857		1270.3	1367.4	10302	904.5	1060.0	1061.2	1249.8	950.7	1009	1258.2	1155	10300 1225	Revenue Net Prof			100
	t \$19613 09.2 mill.		T Interes tization bo		mill.	32.7%	17.3%	13.0%	26.7%	37.8%	2.2%	11.3%	1.8%	1.8%	NMF	14.0%	22.0%	Income 1			22.0
		ed: 2.2x)	nnual ren	tale \$62	1 mill	7.4%	8.9% 52.2%	11.9% 55.8%	10.1% 55.1%	9.3% 54.9%	7.4% 57.8%	8.1% 63.6%	14.7% 63.6%	17.5% 63.2%	16.7% 62.0%	18.0% 64.5%	14.0% 64.0%	AFUDC S	% to Net F rm Debt F		12.0
			6271.2 mi	II		42.1%	46.4%	42.9%	43.6%	43.8%	40.8%	35.5%	35.5%	35.9%	37.1%	35.0%	35.0%	Commor	n Equity F	Ratio	38.5
d Sto	ock \$254.	.4 mill. F	or Pfd Div'd	lig \$840 \$18.3 mi		20166 23848	19324 25609	21432 27299	22109 27882	22842 28723	22714 27824	22777 27921	22528 29664	24602 31974	27557 35183	30900 37075	32725 38475	Total Ca Net Plan	pital (\$mi t (\$mill)	II)	351 424
			, \$100 pa 5%; all cu			7.7%	8.5%	6.4%	5.4%	6.0%	6.0%	6.9%	5.7%	5.8%	5.9%	5.0%	5.0%		n Total C	ap'l	5.5
g fund	ł.		.522 shs.			14.4% 14.7%	14.8% 15.0%	11.5% 11.6%	9.1% 9.2%	10.3% 10.4%	11.1% 11.2%	15.1%	11.6% 11.7%	12.0% 12.2%	12.0%	10.5% 10.5%	10.5% 10.5%	Return o Return o	n Shr. Eq		10.5 11.0
			on (Large		30/20	7.6%	8.4%	5.2%	9.2% 3.0%	4.4%	4.8%	15.2% 7.7%	3.9%	4.9%	12.1% 5.2%	3.5%	3.5%	-	to Com		4.0
LECT	RIC OPE	RATING	STATIST		0010	49%	45%	56%	68%	58%	58%	50%	68%	61%	58%	66%	65%	All Div'd	s to Net F	Prof	66
	Retail Sales (2017 +.2 1034	2018 +4.1 946	2019 -1.4 1070				rporation diaries in									ting soun Fuel cost			
ığ. Indust.	. Use (MWH) . Revs. per K Peak (Mw)	WH(¢)	5.41 24279	5.16 23121	5.24 23887	Texas,	and Ne	w Orlea	ns (regula	ated sep	arately f	om Loui	isiana).	reported	l deprecia	ation rate	: 2.8%. H	las 13,60	0 emplo	yees. Ch	airma
ak Lóad,	Summer (Mv d Factor (%)	N)	21671 62	21587	21598 64				00 custom ur nuclear									ted: Dela V Orleans			
	Customers (y	r-end)	+.6	+.6	+.8	Electric	revenue	breakdo	wn: reside	ential, 38	%; comn	nercial, 2	6%; in-	phone:	504-576-	4000. Inte	ernet: ww	vw.enterg	y.com.		
ed Char	ge Cov. (%)		169	95	165				2020 2020 ergy							appro		atters	aro	nond	ina
NINI!!!	AL RATE: e (per sh)	S Past 10 Yrs.			l '17-'19 '23-'25				esults					Enter	rgy Ăi	rkansa	as is s	seekin	g a \$'	73 mi	llio
	uës	5 3.0		- 0%	2.5% 4.0%				se En ed a sr									state's ility			
change evenu	FIOW	5	% .	5%	3.0% 4.0%				hurt b									rgy L			
change evenu Cash I arning	gs	2.5		E0/		4.0.00	in t	the n	ower 1									FRP, reases			
change evenu ash I arning viden	gs nds /alue	2.5 1.0			5.0%										znas i	neu n	n me.	reases	i uuai	ing φ	
change evenu ash I arning viden ook V	gs nds /alue QUAF	1.0 RTERLY RE	VENUES (\$ mill.)	Full	has plan	been ts. Tv	sellīr vo un	ng or its are	e still	opera	ating,	but	millio	on un			tory n		nisms	fo
change evenu Cash I arning ividen bok V Cal- ndar 017	gs rds /alue QUAF Mar.31 2588	1.0 TERLY RE Jun.30 2618	VENUES (Sep.30 3244	\$ mill.) Dec.31 2624	Full Year 11074	has plan are	been ts. Tv sched	sellir vo un luled	ng or its are for cl	e still losing	opera in	ating, 2021	but and	millio the r	on un ecovei	ry of t	transi	nissio	n and	nisms distr	fo ibu
change evenu Cash I arning ividen ook V Cal- ndar 017 018	gs Yalue QUAF Mar.31 2588 2724	1.0 TERLY RE Jun.30 2618 2669	VENUES (3 Sep.30 3244 3104	\$ mill.) Dec.31 2624 2512	Full Year 11074 11009	has plant are 2022 tivel	been ts. Tv sched . Mar y to o	sellir vo un luled nagem ffset t	ng or its are for cl ent ha he effe	e still losing is cut ects of	opera in expendent the v	ating, 2021 nses e veak e	but and effec- econ-	millio the r tion o omy	on un ecover costs. shoule	ry of 1 Rate d enal	transı relief ole ea	nissio and a rning	n and 1 stroi s to ir	nisms distr nger e ncreas	fo fou cor e i
change evenu Cash I arning bok V Cal- dar 017 018 019 020	gs Yalue QUAF Mar.31 2588 2724 2610 2427	1.0 TERLY RE Jun.30 2618 2669 2666 2413	Sep.30 3244 3104 3141 2904	\$ mill.) Dec.31 2624 2512 2462 2462 2406	Full Year 11074 11009 10879 10150	has plant are 2022 tivel omy	been ts. Tv sched . Mar y to o and t	sellir vo un luled nagem ffset t he co	ng or its are for cluent ha he effe ronavit	e still losing as cut ects of rus. N	opera in expendent the v lote the	ating, 2021 nses e veak e nat w	but and effec- econ- e <i>in-</i>	millio the r tion o omy 2021.	on un ecover costs. should . How	ry of 1 Rate d enal ever, 1	transi relief ole ea there	nissio and a rning is a po	n and stron s to in otentia	nisms distr nger e ncreas ally n	fo fou cor se i ega
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(A) Diluted EPS. Excl. nonrec. losses: '05, 21¢; paid in early Mar., June, Sept., & Dec. ■ Div'd original cost. Allowed ROE (blended): 9.95%; '12, \$1.26; '13, \$1.14; '14, 56¢; '15, \$6.99; '16, reinvestment plan avail, † Shareholder invest-sti0.14; '17, \$2.91; '18, \$1.25. Next earnings ment plan avail, (C) Incl. def charges. In '19: Iory Climate: Average. report due early Feb. (B) Div'ds historically \$29.67/sh. (D) In millions. (E) Rate base: Net Company's Financial Strength Stock's Price Stability Price Growth Persistence B++ 90 35 Earnings Predictability 65

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DOCKET NO. 20210034-EI EXHIBIT NO. DWD-1 WITNESS: D'ASCENDIS DOCUMENT NO. 4 PAGE 8 OF 14 FILED: 04/09/2021

IUA		<u> </u>	<u>VC.</u> N	YSE-IC	A		P	ecent Rice	90.39	P/E RATI	o 19 .	2 (Traili Medi	ing: 18.5) an: 16.0)	RELATIV P/E RATI	5 0.8	8 DIV'D YLD	3.2				
TIMELI	NESS 2	Raised 8	/28/20	High: Low:	32.8 20.9	37.8 30.0	42.7 33.9	45.7 38.2	54.7 43.1	70.1 50.2	70.5 55.4	83.4 65.0	100.0 77.5	102.4 79.6	114.0 89.3	113.6 69.1				Price	
SAFET	y 1	Raised 1	/22/21	LEGE	NDS			00.2		00.2	00.1	00.0			00.0				2023	2024	202
ECHN	ical 4	Lowered	12/25/20	0.	vided by Ir	ends p sh iterest Rate e Strength															+200
BETA .	80 (1.00 =	Market)		Options:	Yes	e Strengtri ates recess	ion								/	[-160
8-Mo	nth Targ	et Price	Range	Jilaueu									اليرين	1.11 ^{.00}	1	կ հետու	•				-100
.ow-Hi	gh Midr	point (%	to Mid)									1111111				hualle					
73-\$15		2 (25%)						\sim		mail											$+^{60}_{50}$
202	23-25 PR		DNS nn'l Total	•	•••	0 ¹⁰ 0000		իսություլ								*					-40
		Gain					*******	*****	····	***********	••••	********	,***********	********		····					+30
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nstitu	tional D																		THIS V STOCK	L ARITH.*	
o Buy	102020 167	202020 154	3Q2020 186	Percen shares	t 15 - 10 +						u ulu							1 yr.	-8.0	INDEX 18.8	E
o SelÍ Ild's(000)	174	166 39111	147 38758	traded	5 -													3 yr. 5 yr.	13.2 60.5	29.9 81.5	F
2004	2005	2006	2007	2008	2009	2010	2011	2012		2014	2015		2017	2018		2020	2021		JE LINE PU	UB. LLC	23-25
20.00	20.15	21.23	19.51	20.47	21.92	20.97	20.55	21.55	24.81	25.51	25.23	25.04	26.76	27.19	26.70	26.25	27.25		es per sh		30.2
4.12	3.87	4.58	4.11	4.27	5.07	5.35	5.84	5.93	6.29	6.58	6.70	6.86	7.50	7.85	8.07	8.20	8.40		low" per s		9.7
1.90 1.20	1.75 1.20	2.35 1.20	1.86 1.20	2.18 1.20	2.64 1.20	2.95 1.20	3.36 1.20	3.37 1.37	3.64 1.57	3.85 1.76	3.87 1.92	3.94 2.08	4.21 2.24	4.49 2.40	4.61 2.56	4.65 2.72	4.80 2.89		s per sh 4 cl'd per si		5.7 3.5
4.73	4.53	5.16	6.39	5.19	5.26	6.85	6.76	4.78	4.68	5.45	5.84	5.89	5.66	5.51	5.53	6.80	6.95		ending pe		7.0
23.88	24.04	25.77	26.79	27.76	29.17	31.01	33.19	35.07	36.84	38.85	40.88	42.74	44.65	47.01	48.88	50.70	52.55	Book Va	lue per sh	1 ^C	58.
42.22	42.66	43.63	45.06	46.92	47.90	49.41	49.95	50.16	50.23	50.27	50.34	50.40	50.42	50.42	50.42	50.45	50.45		1 Shs Out		50.4
15.5 .82	16.7 .89	15.1 .82	18.2 .97	13.9 .84	10.2	11.8 .75	11.5 .72	12.4 .79	13.4 .75	14.7 .77	16.2 .82	19.1 1.00	20.6 1.04	20.5 1.11	22.3 1.19	20.0 1.00			'I P/E Rat P/E Ratio		18 1.
4.1%	4.1%	3.4%	3.5%	4.0%	4.5%	3.4%	3.1%	3.3%	3.2%	3.1%	3.1%	2.8%	2.6%	2.6%	2.5%	2.9%			'l Div'd Yi	I	3.4
	AL STRU					1036.0	1026.8	1080.7		1282.5	1270.3	1262.0	1349.5	1370.8	1346.4	1325	1375	Revenue			15
otal D	ebt \$2000	0.4 mill. C	Due in 5 Y	/rs \$124.		142.5	166.9	168.9	182.4	193.5	194.7	198.3	212.4	226.8	232.9	235	240	Net Prof			2
	t \$2000.4 rest earne		T Interes	st \$83.4 n	nill.			13.4%	28.3%	8.0%	19.0%	15.5%	18.6%	7.1%	9.5%	10.0%	10.0%	Income			10.0
						19.1%	23.3%	20.3%	12.3%	13.6%	16.3%	16.3%	13.9%	15.2%	16.2%	17.0%	17.0%		% to Net P		16.0
ensio	n Assets	-12/19 \$7		lig \$1134	4.8 mill	49.3% 50.7%	45.6% 54.4%	45.5% 54.5%		45.3% 54.7%	45.6% 54.4%	44.8% 55.2%	43.7% 56.3%	43.6% 56.4%	41.3% 58.7%	44.5% 55.5%	44.5% 55.5%		rm Debt R n Equity R		44.5 55.5
			0.5	ing of the	1.0 11111.	3020.4	3045.2	3225.4		3567.6	3783.3	3898.5	3997.5	4205.1	4201.3	4605	4770		pital (\$mil		537
ofd Sto	ock None					3161.4	3406.6	3536.0	3665.0	3833.5	3992.4	4172.0	4283.9	4395.7	4531.5	4695	4865	Net Plan	t (\$mill)	<i>.</i>	53
	on Stock	50,461,8	85 shs.			6.0%	6.8%	6.5%	6.4%	6.6%	6.2%	6.1%	6.3%	6.4%	6.5%	6.0%	6.0%		n Total Ca		6.5
is of 1	0/23/20					9.3% 9.3%	10.1% 10.1%	9.6% 9.6%	9.9% 9.9%	9.9% 9.9%	9.5% 9.5%	9.2% 9.2%	9.4% 9.4%	9.6% 9.6%	9.4% 9.4%	9.0% 9.0%	9.0% 9.0%		n Shr. Eq n Com Ec		9.5 9.5
/ARK	ET CAP: S	\$4.6 billi	on (Mid C	Cap)		5.5%	6.5%	5.7%	5.6%	5.4%	4.8%	4.3%	4.4%	4.4%	4.2%	4.0%	3.5%		to Com E		4.0
ELECT	RIC OPE	RATING				41%	36%	41%	43%	46%	50%	53%	53%	54%	56%	58%	60%	All Div'd	s to Net P	Prof	61
Change	Retail Sales (K	KWH)	2017 +2.6	2018 +.1	2019 3				Inc. is a h									Generatir			
vg. Indust	. Use (MWH) Revs. per KV	, NH (e)	NÁ 5.83	NA 5.64	NA 5.32				ectric utility are-mile a									, 28%. F ate: 2.9%			
Capacity at	Peak (Mw)		NA 3422	NA 3392	NA 3242				1.2 millior									ident &			
Annual Loa	Summer (Mw id Factor (%)		NA	NA	NA				ne Idaho p ntial, 39%									 Idaho \$ t: www.id 			8370
6 Griange	Customer's (yr	r-end)	+2.0	+2.3	+2.5													-			
	ge Cov. (%)		329	309	307				hat ID n 2020									mal w factor			
	AL RATES e (per sh)	5 Past 10 Yrs.	Pas 5 Yr		l '17-'19 '23-'25	pene	d des	pite a	difficu	ilt co	mpari	ison ii	n the	year	comp	arison	ı. Oui	r estir	nate o	of \$4.	.80
Reven Cash	uës	2.5 5.5	% 2.	5%	2.0% 4.0%				The co									a 39			
arnin	gs	7.0	% 4.	0%	4.5%				ower, l ndition)20. M nce fo			
)ivider Sook V		7.0 5.5			6.5% 4.0%	Also,	, whil	e the	nation	al re	cessio	n hur	t the	repor	ts fou	irth-qi	larter	resul	ts nex	t mo	nth.
Cal-	1		EVENUES(Full	econ	omy i	n Ida	ho, thi	s wa	is less	seve	re in	Fina	nces	are s	olid.	The f	ixed-cl	harge	e cov
ndar	Mar.31	Jun.30	Sep.30	Dec.31	Year				use of custor												
2017	302.6	333.0	408.3	305.6	1349.5				even												
2018 2019	310.1 350.3	340.0 316.9	408.8 386.3	311.9 292.9	1370.8 1346.4	ness	es we	ere or	dered t	to clo	ose. C)ther	busi-	equit	y is	consis	stently	y hea	lthy.	IDAC	OR
2020	291.0	318.8	425.3	289.9	1325				anding												
2021	305	330	440	300	1375	comr	anies	su a have	distrik e reloca	ated	from	Calif	ornia	equit	y in	the no	ext fe	w vea	rs. Tl	he co	mp
			ER SHARI Sep.30		Full Year	to Io	laho.	Cust	omer g	rowt	h is :	rapid,	and	ny's	Finar	ncial	Stren	gth ra	ating	is A	. W
Cal-	.66	.99	1.80	.76	4.21				3% for									ity's S	afety	rank	or
Cal- ndar		1.23	2.02	.52	4.49				Septen ffective									of thi	is tim	elv e	toe
Cal- ndar 2017 2018	.72	1.05	1.78 2.02	.93 .70	4.61 4.65				expense												
Cal- ndar 2017 2018 2019	.84	1 10			4.80		n rep	orting	g third	l-qua	rter	result	s in	sue	offers	supe	rior t	otal r	return	pote	entia
Cal- endar 2017 2018 2019 2020		1.19 1.15	2.00	.80	4.00			•	TDAC	ODD	nar	rowed	its	for t	he ne	vt 18	mon	the F			to {
Cal- endar 2017 2018 2019 2020 2021	.84 .74 .85	1.15	2.00 Dends Pa		Full	late															
Cal- endar 2017 2018 2019 2020 2021 Cal- endar	.84 .74 .85 QUARTE Mar.31	1.15 Erly Divi		ID ¤∎†	Full Year	late shar	e-earr	nings	guidan	nce f	rom \$	34.45 - 3	\$4.65	year	perio	od, ho	weve	r, tota	al ret	urn	
Cal- endar 2017 2018 2019 2020 2021 Cal- endar 2017	.84 .74 .85 QUARTE Mar.31 .55	1.15 ERLY DIVI Jun.30 .55	DENDS PA Sep.30 .55	ID ^B ■ † Dec.31 .59	Full Year 2.24	late shar to \$	e-earr 4.55-\$	nings 84.65.	guidan Our e	nce f	rom \$ ate r	34.45 - 3	\$4.65	year pects	perio are	od, ho e un	weve: excep	r, tota tional,	al ret des	urn spite	th
Cal- 2017 2018 2019 2020 2021 Cal- endar 2017 2018	.84 .74 .85 QUARTE Mar.31 .55 .59	1.15 ERLY DIVI Jun.30 .55 .59	DENDS PA Sep.30 .55 .59	ID ^B ■ † Dec.31 .59 .63	Full Year 2.24 2.40	late shar to \$ the u We	e-earr 4.55-\$ 1pper look	nings 64.65. end o for a	guidan Our e f this r mod e	ice f estim ange e st j	rom \$ ate r p rofit	4.45-8 emair incr	\$4.65 ns at ease	year pects likeli recer	perio are hood it quo	od, ho e un of str otation	weve excep ong o is n	r, tota tional, divider ear th	al ret des nd gro ne low	urn spite owth. ver ei	th Th
Cal- endar 2017 2018 2019 2020 2021 Cal- endar 2017	.84 .74 .85 QUARTE Mar.31 .55	1.15 ERLY DIVI Jun.30 .55	DENDS PA Sep.30 .55	ID ^B ■ † Dec.31 .59	Full Year 2.24	late shar to \$ the u We this	e-earn 4.55-5 1pper look yea	nings 64.65. end o for a r. Th	guidan Our e f this r	ice f estim ange est j vice	rom \$ ate r p rofit area's	64.45-8 emain incr	\$4.65 ns at rease nomy	year pects likeli recen our 2	perio are hood t quo 023-2	od, ho of str otation 025 T	excep ong o is n arget	r, tota tional, divider ear th Price	al ret des nd gro ne low	ourn spite owth. ver ei e.	th Th nd o

(A) Diluted EPS. Excl. nonrecurring gain (loss): Feb., May, Aug., and Nov. • Dividend reinvest-105, (24c); '06, 17c. '17 & '19 earnings don't ment plan available. † Shareholder investment in '12: 10% (imputed); earned on avg. com. sum due to rounding. Next earnings report due plan available. (C) Incl. intangibles. In '19: 9.6%. Regulatory Climate: Above mid-Feb. (B) Dividends historically paid in late \$26.31/sh. (D) In millions. (E) Rate base: Net Average. Company's Financial Strength Stock's Price Stability Price Growth Persistence Earnings Predictability

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				<u>RN</u> ND	-	-	PI		56.72	_		D (Media	ng: 17.8) an: 17.0)	RELATIVE P/E RATIO) U. /	7 DIV'D	4.4			
		Raised 1		High: Low:	26.8 18.5		36.6 27.4	38.0 33.0	47.2 35.1	58.7 42.6	59.7 48.4	63.8 52.2	64.5 55.7	65.7 50.0	76.7 57.3	80.5 45.1			Price 2024	
		2 Raised 7		LEGEN	NDS 71 x Divide	ends p sh nterest Rate										/				16
ECHN	ICAL 4 95 (1.00	1 Lowered = Market)	1/15/21	Options:	elative Pric	e Strength									/	/				12
	-	get Price	Range	- Shaded	area indic	ates recess	ion									.1.				-10
ow-Hig	gh Mic	lpoint (%	to Mid)								Hu. 11/11	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			1 ⁰⁰⁰⁰ 0		•			+60
41-\$10		(25%)					\square		,		10,00			11. 1		Louth				
202	23-25 PF		ONS .nn'i Total	l'unteres		<u></u>	ուսիլ	աստոր				•.								30
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		+15%) Decisio		-			-							••		·		% TOT. RETURI		-18
	1Q2020	2Q2020	3Q2020	Percen	nt 30 -	<u> </u>												STOCK	INDEX 18.8	L
o Buy o Sell	127 144	143 137	126	shares traded	20 - 10 -		matillit	mudu		aanalt				111111.1	dhattu			1 yr15.1 3 yr. 9.4 5 yr. 29.0	29.9 81.5	F
ld's(000) 004	48390 2005	48127 2006	47772 2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PU		23-2
29.18	32.57	31.49		35.09	31.72	30.66	30.80	28.76	29.80	25.68	25.21	26.01	26.45	23.81	24.93	24.00	24.55	Revenues per sh		27
3.20 14.32	4.00	3.62	3.70 1.44	4.40	4.62	4.76 2.14	5.42 2.53	5.18 2.26	5.45 2.46	5.39 2.99	5.92 2.90	6.74 3.39	6.76 3.34	6.96 3.40	7.07 3.53	6.80 3.15	7.25 3.50	"Cash Flow" per s Earnings per sh		8. 4.
	1.00	1.24	1.28	1.32	1.34	1.36	1.44	1.48	1.52	1.60	1.92	2.00	2.10	2.20	2.30	2.40		Div'd Decl'd per s		2
2.25	2.26	2.81	3.00 21.12	3.47	5.26	6.30 22.64	5.20	5.89	5.95	5.76	5.89	5.96	5.60	5.64	6.26 40.42	7.90	8.75	Cap'l Spending pe Book Value per sh		7
19.92 35.60	20.60 35.79	20.65 35.97	38.97	21.25 35.93	21.86 36.00	36.23	23.68 36.28	25.09 37.22	26.60 38.75	31.50 46.91	33.22 48.17	34.68 48.33	36.44 49.37	38.60 50.32	40.42	41.10 50.60				45. 53
	17.1	26.0	21.7	13.9	11.5	12.9	12.6	15.7	16.9	16.2	18.4	17.2	17.8	16.8	19.9	18.9		Avg Ann'l P/E Rat	io	1
	.91 3.4%	1.40 3.6%	1.15 4.1%	.84 5.4%	.77 5.7%	.82 4.9%	.79 4.5%	1.00 4.2%	.95 3.7%	.85 3.3%	.93 3.6%	.90 3.4%	.90 3.5%	.91 3.9%	1.06 3.3%	.95 4.0%		Relative P/E Ratio Avg Ann'l Div'd Yi		1 3.1
	L STRU	ICTURE a	as of 9/30	0/20		1110.7	1117.3	1070.3	1154.5	1204.9	1214.3	1257.2	1305.7	1198.1	1257.9	1215	1265	Revenues (\$mill)		14
			Due in 5 Y LT Interes			77.4	92.6	83.7	94.0	120.7	138.4	164.2	162.7	171.1	179.3	160	180	Net Profit (\$mill)		2
icl. \$1	5.5 mill.	capitalize ned: 2.8x)	d leases.			25.0% 14.2%	9.8% 3.3%	9.6% 9.4%	13.2% 8.7%	 8.9%	13.7% 9.8%	4.3%	7.6% 5.2%	7.6% 3.4%	1.6% 4.6%	NMF 6.0%	Nil 6.0%	Income Tax Rate AFUDC % to Net F	Profit	10.0 4.0
		,				57.2%	52.2%	53.8%	53.5%	53.4%	53.1%	52.0%	50.2%	52.2%	52.5%	49.0%	51.5%	Long-Term Debt R	Ratio	48.0
ensio	n Asset	s-12/19 \$	609.0 mill. O	l.)blig \$ 735	5.6 mill.	42.8%	47.8% 1797.1	46.2% 2020.7	46.5% 2215.7	46.6% 3168.0	46.9% 3408.6	48.0% 3493.9	49.8% 3614.5	47.8% 4064.6	47.5% 4289.8	51.0% 4090		Common Equity R Total Capital (\$mil		52.0 46
fd Sto	ck None	9				2118.0	2213.3	2435.6		3758.0	4059.5	4214.9	4358.3	4521.3	4700.9	4915		Net Plant (\$mill)	"	58
		c 50,581,9	973 shs.			5.9% 9.4%	7.0% 10.8%	5.5% 9.0%	5.5% 9.1%	4.8% 8.2%	5.2% 8.6%	5.9% 9.8%	5.6% 9.0%	5.2% 8.8%	5.2%	5.0% 8.0%	5.0% 8.5%	Return on Total Ca		5.5 9.0
S OT 10	0/16/20					9.4%	10.8%	9.0%	9.1%	8.2%	8.6%	9.8%	9.0%	8.8%	8.8% 8.8%	8.0%		Return on Shr. Eq Return on Com Ec		9.0 9.0
			ion (Mid C	.,		3.5%	4.7%	3.2%	3.5%	3.8%	3.0%	4.1%	3.4%	3.2%	3.1%	2.0%		Retained to Com E		3.0
			STATIST 2017	1CS 2018	2019	63%	56%	65%	rn Corpor	54%	65%	58%	62%	64%	64%	75%		All Div'ds to Net P es: hydro, 34%; cr		60
/q. Indust	Retail Sales . Use (MWH)	ĵ .		+2.9 34573	+4.6 37808	Wester	n Energy	/) supplie	es electrici	ity & ga	is in the	Upper N	lidwest	5%; oth	er, 3%; p	ourchased	d, 30%. I	Fuel costs: 25% o	of revenu	les. '
	. Revs. per K	(¢)	NA NA	NA NA	NA NA				143,000 el 000 gas									as 1,500 employe EO: Robert C. Ro		
vğ. Indust apacity at			2133 NA	2173 NA	2237 NA	gross r	nargin), 🗄	South Da	akota (14%	%), and	Nebrask	a (1%). İ	Electric	ware. A	ddress: 3	8010 We	st 69th S	Street, Sioux Falls	, South	Dako
vğ. Indust apacity at eak Load, nnual Loa	Winter (Mw) d Factor (%)			+1.2	+1.2	l revenue	> breakd(9%; com	mercial		ustrial,	57108.	el.: 605-	978-2900			ernenera	
vğ. Indust apacity at eak Load, nnual Loa	Winter (Mw)	/r-end)	+1.3	+1.2		-						,				-		et: www.northweste		-
vğ. Indust apacity at eak Load, nnual Loa Change xed Chan	Winter (Mw) d Factor (%) Customers (ge Cov. (%)	,	+1.3 275	275	284	Nort	thWes	stern'	s ear d in		s alm	ost		mega		gas-fii	red pl	ant in Sout on line in	h Da	kot
vğ. Indust apacity at eak Load, nnual Loa Change ixed Change NNUA f change	Winter (Mw) d Factor (%) Customers () ge Cov. (%) NL RATE e (per sh)	S Past 10 Yrs	+1.3 275 Pas 5 Yr	275 st Est'd rs. to	284 1 '17-'19 '23-'25	Nort tain and	thWes ly de	stern' cline	s ear d in osts hu	2020. urt tł	s alm Milo ne fir	ost l wea st-qua	ther	mega that at a	is sch cost c	gas-fin eduleo of \$80	red pl l to b milli	ant in Sout e on line in on. The uti	h Da late lity p	kot 202 olar
vğ. Indust apacity at eak Load, nnual Loa , Change xed Charge xed Charge Revenu Cash	Winter (Mw) d Factor (%) Customers (ge Cov. (%) L RATE e (per sh) Jes Flow''	S Past 10 Yrs -2.5 5.0	+1.3 275 Pas 5 Yr 5% -2.1 1% 5.5	275 Ist Est'd Is. to' .0% .5% 3	284 2'17-'19 23-'25 1.5% 3.5%	Nort tain and comp	t hWes ly de unus parison	stern' ecline ual co n. Ov	s ear d in	2020. urt th e ren	s alm Milo ne fir naind	ost l wea st-qua er of	ther irter the	mega that at a to ac	is sch cost c ld an	gas-fin eduleo of \$80 other	red pl l to b milli 30-40	ant in Sout e on line in on. The uti) mw of ca	h Da late lity p pacit	kot 202 olan y i
vg. Indust apacity at eak Load, nnual Loa Change xed Charge NNU f change f change Cash cash arning Divider	Winter (Mw) d Factor (%) Customers () ge Cov. (%) L RATE e (per sh) Jes Flow'' gs nds	S Past 10 Yrs -2.5 5.0 7.0 5.5	+1.3 275 Pas 5 Yr 5% -2.1 1% 5.1 1% 5.1 1% 6.1 5% 7.1	275 st Est'd rs. to' .0% .5% .0% .5%	284 1'17-'19 '23-'25 1.5% 3.5% 2.5% 4.0%	Nort tain and comp year, in c	thWes ly de unus parison the u	stern' ecline ual co n. Ov utility ercial	s ear d in osts huver the was a and	2020. urt tł e ren iffecte indus	s alm Mile ne fir naind ed by strial	l wea st-qua er of the sl kilov	ther irter the ump vatt-	mega that at a to ac 2023 North	is sch cost o ld an at an West	gas-fin eduled of \$80 other n exp ern ca	red pl 1 to b milli 30-4(ected ancele	ant in Sout e on line in on. The uti) mw of ca cost of \$60 ed plans to	h Da late lity p pacit 0 mil purch	kot 202 olar y i llion has
vğ. Indust apacity at eak Load, nnual Loa Change xed Change xed Change f change Cash Cash Cash Cash Cash Cash Cash	Winter (Mw) d Factor (%) Customers (y ge Cov. (%) LL RATE e (per sh) Jes Flow" gs bds 'alue	S Past 10 Yrs -2.5 5.0 7.0 5.5 6.0	+1.3 275 Pas 5 Yr 5% -2.1 9% 5.5 9% 6.1 5% 7.1 9% 7.1	275 st Est'd .0% .5% .0% .5%	284 23-'25 1.5% 3.5% 2.5% 4.0% 3.0%	Nort tain and comp year, in c hour	thWes ly de unus parison the u sales	stern' cline ual co n. Ov utility ercial s resul	s ear d in osts hu ver the was a	2020. urt the ren affecte indus rom t	s alm Mile ne fir naind ed by strial he we	l wea st-qua er of the sl kilow eak ec	ther arter the ump vatt- ono-	mega that a at a to ac 2023 North a sta	is sch cost c ld an at an West ke in	gas-fin eduled of \$80 other n exp ern ca a co	red pl l to b milli 30-40 ected ancele al-fire	ant in Sout e on line in on. The uti) mw of ca cost of \$60 ed plans to ed plant be	h Da late lity p pacit 0 mil purch cause	kot 202 olar y i llion has e ol
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vý, Indust apacity at apacity at apacity at avakt lado, annual Los (Change ixed Chan; avakt chan; avak	Winter (MW) Factor (%) LL RATE (e (per sh) LL RATE (per sh) LL RATE (per sh) LL RATE (per sh) LL RATE (per sh) LL RATE (per sh) Sa Sa Sa Sa Sa Sa Sa Sa Sa Sa Sa Sa Sa	S Past 10 Yrs 5.0. 7.0. 5.5. 6.0 7.0. 5.5. 6.0 7.0. 7.0. 7.0. 7.0. 7.0. 7.0. 7.0.	+1.3 275 Pac. 5 Yr 5 % -2.1 5 % -2.1 5 % -2.1 2 %	275 st Est'd rs. to .0% .0% .0% .0% .0% .0% .0% .0%	284 1'17-'19 '23-25 3.5% 2.5% 3.5% 3.6% 7.0% 7.0% 7.0% 7.1198.1 1257.9 1215 1265 1265 1265 1265 1265 1265 1265	Nort tain and comp year, in c costs to be again Mon purc this thou this thou its ta We proa West in th relat char ber p shar	th Wese ly de unussionarison the u nomme saless (partl me) . Nort ook a anst foor tana hased in o gh th urgete expected of ge for e is a	stern' coline ual ccn. Ov itility percial s resul y offs and thWess pret urth-q com -powe ur ea e com d rang ct ea he 20 vill ha irch q fects t he c	s ear d in ssts hu eer the was a and lting fi set by some tern st ax cha quarter nission r costs unings of \$ unitsion pany ge of \$ unitsion for the disallow profit	2020. urt the e ren inflected industriant rom to coroo tated arge r result s. We s pre is exc 3.30-\$ gs in ly. We more-tu- tr, lownee tu estin coroo	s aln Mildone fir naindd by strial d by strial the we her r navir that i of \$9 Ults be senta sallow e are senta cludir \$3.45 202 e figu typica e r con ll-year nate f the nate	ost of l wea er of the sl kilow er esider us-rel t plan 5 mi cause ed s <i>incluce</i> or e No or e No re No re no re no re no s compa	ther ther the ump vatt- ono- ntial ated llion the ome ding even from re. ap- rth- ving rus- cem- 50 a	mega that a at a to ac 2023 North a sta tainin likely sals anno rent 6 quar burse (3.3% creas estim year, per 6 70%. The stock	is school is sch	gas-fin edulect of \$800 other a coo gulato utilit, ng in in er. the will s wou n in r for ea ayout f Nor lend Some Fotal	red pl 4 to bb milli 30-4(ected anceled al-firer ry ap y has Mont nning boar ideno stimaa be hill be hill be hill be hill be hill be hill be hill be what traing what ratio	ant in Sout e on line in on. The uti) mw of ca cost of \$60 ed plans to ed plant be proval apped a request f tana, and e bidder(s) in d of direct d in the te the ann ced by \$0.00 a slightly si years. Bass s and divid would be a stern's goal l of North above th potential	h Da late 1 apacitic of management purch ccauses eared for pr expect n the tors curr nual 8 a s malle ed on ends at the of e West	kott 2022 blan y i llior hasse ok un copo ts t cun will ren diss har r ir i ou thi e up 50%
vg. Indust apacity at apacity at apacity apacity at apacity at apacity and the apacity at apacity and the apacity apacity at apacity a	Winter (MW) Factor (%) Customers (ge Cov. (%) Factor (%) Ge rath) Mar.31 367.3 356 384.2 335.3 356 E Mar.31 1.17 1.18 1.44 1.00 1.15 QUARI Mar.31 0.42 1.44 1.44 1.40 1.525	S Past 10 Yrs - 2.5 5.6 5.5 5.6 5.5 5.6 7.0 5.5 6.0 7.0 7.0 5.5 6.0 283.9 261.8 270.7 269.4 285 4 ARNINGS I Jun.30 .525 5.55	+1.3 275 Pas 5 Y2. 1% 5.5 2% 7.1 2% 7.5 5% 7.5	275 st Est'd rs. to .0% .0% .0% .0% .0% .0% .0% .0%	284 1'17-'19 '23-25 3.5% 2.5% 3.5% 3.6% 7.0% 7.0% 7.0% 7.1198.1 1257.9 1215 1265 1265 1265 1265 1265 1265 1265	Nort tain and comp year, in c hour my volu costs to b again Mon purc this thou its ta We proa West in the relat char relat	th Wese ly de unusso varisoo (parti me) a. Nort ook a anst foo anst foo ans	stern's coline ual con. Ov utility percial result y offs and thWess pret urth-q comr -powe ur ease com d rang ct ease the cour ill ha prets urch q fects the cour t t the cy guid	s ear d in ssts huver the was a and lting fi set by some tern st ax cha quarter mission r costs arnings quarter mission r th lisallow profit	2020. urt the e renefifecte industrom t coro tated arge f r results. We s pre- is exx s. We s pre- tis exx s. We r so undust s. We s pre- tis ext r, low c full wance t e full wance t e full wance t e full s. S. We s pre- tis ext s. S.	s aln Mild he fir naind d by strial he we her i that i tof \$9 llts be senta sallow are senta sallow are senta sull y bi are figu typica e figu typica e figu typica e figu typica figu figu typica figu typica figu figu figu figu figu figu figu figu	ost of weak st-quarter of the sl weak even was related with the sl kilow wak ece esidee us-related with the sl kilow wak ece esidee us-related with the sl kilow was related with the sl kilow with the sl kilow of the sl kil	ther triter the ump vatt- ono- ntial ated aned llion the oome <i>ling</i> even from re. ap - rth- ving innov the ling even triter innov triter innov the ling even triter innov the ling even triter innov the ling even triter innov the ling even triter innov the ling even triter innov the ling even the ling even the ling even triter innov the ling even the the the the ling even the the ling even the the ling even the the the the the the ling even the ling even the the the the ling even the the the the the the the the the the	mega that a at a to ac 2023 North a statainin likely sals annor rent We t raise quar burse (3.3% creas estim year, per c 70%. The stock aver, tive f	is school is sch	gas-fin edulect of \$800 other n exp ern cc gulato utilit, ng in .he wi er. the will 1 will 1 for ea aayout f Nor lend some Total year	red pl d to bb milli 30-44 ected anceled al-fire ry ap Mont nning boar ideno stima be hil ld be ecent rning ratio thWest yield what return ahea	ant in Sout e on line in on. The uti) mw of ca cost of \$6 d plans to ed plant be proval appe a request f tana, and e bidder(s) in d of direct d in the te the ann ked by \$0.0 a slightly si years. Bases a stern's goal l of North above th a potential d and respe	h Da late 1 apacitic of management purch ccauses eared for pr expect n the tors curr nual 8 a s malle ed on ends at the of e West	kot 202 blan y i llior has e ok un copo ts t cun will ren dis har r ir i ou thi e up 50%

(A) Diluted EPS. Excl. gain (loss) on disc. ops.:
 Feb. (B) Div'ds historically paid in late Mar., Jallowed on com. eq. in MT in '19 (elec.):
 Use, Sept. & Dec. = Div'd reinvestment plan
 96.5%; in '17 (gas): 9.55%; in SD in '15: none '15: 27c; '19, 52c; '19, 45c. '18 EPS don't sum avail. (C) Incl. defd charges. In '19: \$16.68/sh.
 spec:, in NE in '07: 10.4%; earned on avail.
 (D) In mill. (E) Rate base: Net orig. cost. Rate | com. eq., '19: 9.0%. Reg. Climate: Below Avg.
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	· ·
's Financial Strength	B++
rice Stability	90
wth Persistence	70
Predictability	85
niho coll 1 900 VAL	

DOCKET NO. 20210034-EI EXHIBIT NO. DWD-1 WITNESS: D'ASCENDIS DOCUMENT NO. 4 PAGE 10 OF 14 FILED: 04/09/2021

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ligh .ow	55 ((+70%) (+25%)	18% 10%	ئەررىيار	··· ///+			•													-20 -15
		Decisio		••••••	۱۱۱ ^۳	**************************************			•	***********	••••••				••••••••	•+.		% TO1	THIS N	N 11/20	– ¹³
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to Sell	185 133273	5 221	182 129209	shares traded	12 - 6 -								الت الآل					3 yr. 5 yr.	1.4 49.6	23.5 64.0	F
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27.37	32.83		20.68	21.77	14.79	19.04	19.96	18.58	14.45	12.30	11.00	11.31	11.32	11.37	11.15	10.50	11.50		es per sh		13.
1.87	1.94		2.39	2.40	2.69	3.01	3.31	3.69	3.46	3.40	3.23	3.31	3.34	3.74	4.02	4.05	4.40		low" per		5.2
.89 .67	.92		1.32	1.25 .70	1.33 .71	1.50 .73	1.73 .76	1.79 .80	1.94 .85	1.98 .95	1.69 1.05	1.69 1.16	1.92 1.27	2.12 1.40	2.24 1.51	2.05 1.58	2.25 1.68		s per sh 4 cl'd per s		2. 1.
1.51	1.65		3.04	4.01	4.37	4.36	6.48	5.85	4.99	2.86	2.74	3.31	4.13	2.87	3.18	2.90	3.65		ending p		3.
7.14	7.59		9.16	10.14	10.52	11.73	13.06	14.00	15.30	16.27	16.66	17.24	19.28	20.06	20.69	18.15	18.80		lue per si		20.
180.00	181.20 14.9		183.60 13.8	187.00 12.4	194.00 10.8	195.20 13.3	196.20 14.4	197.60 15.2	198.50 17.7	199.40 18.3	199.70 17.7	199.70 17.7	199.70 18.3	199.70 16.5	200.10 19.0	200.00 Bold fig	200.00		n Shs Out 'I P/E Rat		200. 19
.74	.79		.73	.75	.72	.85	.90	.97	.99	.96	.89	.93	.92	.89	1.02	Value	Line		P/E Ratio		1.
5.3%	4.9%	4.0%	3.8%	4.5%	5.0%	3.7%	3.1%	2.9%	2.5%	2.6%	3.5%	3.9%	3.6%	4.0%	3.5%	estin	ates	Avg Ann	'l Div'd Y	ïeld	4.0
			as of 9/30			3716.9	3915.9	3671.2	2867.7	2453.1	2196.9	2259.2	2261.1	2270.3	2231.6	2100	2300	Revenue			27
			Due in 5 Y LT Interes			295.3 34.9%	342.9 30.7%	355.0 26.0%	387.6 24.9%	395.8 30.4%	337.6 29.2%	338.2 30.5%	384.3 32.5%	425.5 14.5%	449.6 7.4%	415 13.0%	450 13.0%	Net Prof Income			5 13.0
LT inte	rest ear	ned: 3.9x)				5.7%	9.0%	20.0 %	24.9%	1.7%	3.7%	6.4%	15.0%	8.3%	1.6%	1.0%	2.0%		% to Net F	Profit	2.0
.eases	, Uncap	italized A	nnual ren	tals \$6.2	mill.	50.8%	51.6%	50.7%	43.1%	45.9%	44.3%	41.1%	41.7%	42.0%	43.6%	49.0%	48.0%		rm Debt F		49.0
			530.3 mill.			49.2%	48.4%	49.3%	56.9%	54.1%	55.7%	58.9%	58.3%	58.0%	56.4%	51.0%	52.0%		n Equity F		51.0
rensio	ASSEL	5-12/19 o		blig \$610	6.9 mill.	4652.5 6464.4	5300.4 7474.0	5615.8 8344.8	5337.2 6672.8	5999.7 6979.9	5971.6 7322.4	5849.6 7696.2	6600.7 8339.9	6902.0 8643.8	7334.7 9044.6	7130 9225	7250 9525	Net Plan	pital (\$mi t (\$mill)	II)	81 102
Pfd Sto	ck None	e				7.8%	7.8%	7.7%	8.6%	7.8%	6.9%	7.0%	7.0%	7.3%	7.1%	7.0%	7.5%		n Total C	ap'l	7.5
Commo	on Stoc	k 200,020	,017 shs.			12.9%	13.4%	12.8%	12.8%	12.2%	10.2%	9.8%	10.0%	10.6%	10.9%	11.5%	12.0%		n Shr. Eq		12.5
	TCAP	\$6.5 billi	ion (Large	Can)		12.9% 6.7%	13.4% 7.7%	12.8% 7.2%	12.8% 7.3%	12.2% 6.5%	10.2%	9.8% 3.3%	10.0% 3.5%	10.6% 3.8%	10.9% 3.6%	11.5% 2.5%	12.0% 3.5%	-	n Com Ed to Com		12.5 3.0
			STATIST	.,		48%	43%	44%	43%	47%	61%	67%	64%	5.0 % 64%	5.0 % 67%	76%	73%		s to Net F		75
	Retail Sales		2017 -2.2	2018	2019	BUSIN	ESS: 00	E Enero	y Corp. is	s a hold	ing comp	any for (Oklaho-	ting sou	irces: ga	is, 35%;	coal, 15	5%; wind	, 5%; pl	urchased	1, 45%
Ava. Indust.	Use (MWH	D'	NA	+6.8 NA	+1.1 NA				npany (O						sts: 35%						
Capacity at	Revs. per l Peak (Mw)		5.30 NA	4.86 NA	4.69 NA)klahoma wholesale						las 2,400 ficer: Se						
² eak Load, Annual Loa	Summer (N d Factor (%)	(w))	6456 NA	6863 NA	6817 NA	Midstre	am Partr	ners. Ele	ctric rever	nue brea	kdown: re	esidential	, 40%;	321 Nor	th Harve	y, P.O. B	iox 321, (Oklahom	a City, Ol	klahoma	
% Change (Customers (yr-end)	+1.0	+.9	+1.0				rial, 10%;						elephone	-					•
	ge Cov. (%)		315	292	335				stock by the						Okla app						
	L RATE (per sh)				'17-'19 23-'25	of t	the ι	units	of 1	Enab	le M	idstr	eam	plan	. Okla	ihoma	Gas	and E	lectri	c plar	ns t
Reveni Cash	les	-5.0 4.0)% -5.	5% 3	3.5% 5.0%				has a						1 \$810						
Earning	js	5.0	0% 2.0	0% 3	3.0% 5.0%				ım gas s been						ill rec plan i						
Divider Book V		7.0 7.0		5%	.5%	ditio	ns in	the p	gas ar	nd oil	indu	stry. '	This	case	by th						
Cal-			EVENUES (Full				only					2022. The	utili	tv fil	ed f	or er	ina	roos	. i.
endar			Sep.30		Year				ne anc ble's b						insas						
2017 2018	456.0		716.8 698.8	501.9 511.8	2261.1 2270.3	So f	ar thi	s yea	r, the	price	e of C	GÊ s	tock	rate	plan	. OG	&E is	seek	ing \$	7 mil	llior
2019	490.0	513.7	755.4	472.5	2231.6	has f		21%,	far wo	orse t	nan m	ost ut	tility		n wou . The						
2020 2021	431.3	503.5 550	702.1 750	463.9 500	2100 2300			cut	our 2	2020	earni	ngs e	esti-		s in p						
Cal-			PER SHARE		Full	mate	e by	\$0.05	i a sh	are.	Unus	ually	cool	The	board	l of d	lirect	ors ra	aised	the o	divi
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year				r cond s com						l, effe t. The						
2017 2018	.18 .27	.52 .55	.92 1.02	.30 .27	1.92				5 a sh						anr						
2019	.24	.50	1.25	.27	2.24	end	of m	anage	ement's					years	. We	believ	e this	decel	eratio	on ref	lect
2020	.23	.51	1.04	.27	2.05)-\$2.0 contii		o exp	ect in	nnros	ed e	arn-		ituati ividen						bet
2021	.25	.55 RTERLY DIV	1.20 /IDENDS P/	.25 AID в –	2.25				Ve ass						stoc						divi
	Mar.31		Sep.30		Full Year	patte	erns ii	n our	estima	ate. T	he eco	nomy	will	dend	l yiel	d. Th	ne yie	ld is	more	than	on
Cal-						1:1-11	r ha i	n hote	or che	ane t	oo alt	hourd	1 11/0	nerce	ntara	noint	ohow	o tha	4.1.1	1 01101	rage
Cal- endar 2016	.275	.275	.275	.3025	1.13		y be i												utility		
Cal- endar 2016 2017	.275 .3025	.3025	.3025	.3325	1.24	note	that	the ut	tility's	servi	ce ter	ritory	has	In ad	lditior	n, tota	l retu	ırn po	tentia	ıl is s	upe
Cal- ndar 2016	.275	.3025				note farec	that l bett	the ut er tha		servi natio	ce ter nal e	ritory conom	has y in	In ac rior f to 5-y		n, tota th the eriod.	ıl retu 18-m	irn po onth	tentia	al is s and th	supe he a

91

 (A) Diluted EPS. Excl. nonrecurring gain (osses): '04, (3c): '15, (32c); '17, S1.18; '19, (8c): '20, (\$2.95): gains on discont. ops.: '05, '25c; '06, 20c. '18 & '19 EPS don't sum due to '25c; '06, 20c. '18 & '19 EPS don't sum due to '1c. deferred charges. In '19: S1.53/sh. (D) In '2020 Value line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warrantise of any kind. TE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.
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ompany's Financial Strength	A
ock's Price Stability	80
rice Growth Persistence	35
arnings Predictability	85
subscribe call 1-800-VAL	JELINE

DOCKET NO. 20210034-EI EXHIBIT NO. DWD-1 WITNESS: D'ASCENDIS DOCUMENT NO. 4 PAGE 11 OF 14 FILED: 04/09/2021

OT	FER	TAIL	_ CO	RP. N	IDQ-01	TTR	R	ecent Rice	39.82	P/E RATIO	o 16.	4 (Traili Medi	ng: 16.6 an: 22.0)	RELATIVE P/E RATI		8 DIV'D YLD	3.9	%	/ALUI LINE	Ξ	
		3 Raised 1		High: Low:	25.4 15.5	25.4	23.5 17.5	25.3 20.7	31.9 25.2	32.7 26.5	33.4 24.8	42.6 25.8	48.7 35.7	51.9 39.0	57.7 45.9	56.9 31.0				t Price	
SAFETY		2 Raised 6	6/17/16	LEGE	NDS			20.7	20.2	20.0	20	20.0		00.0	.0.0	00			2023	2024	
ECHNI		3 Raised 1	2/11/20	div	vided by Ir elative Pric	ends p sh nterest Rate ce Strength															
		= Market)		Options:	Yes	ates recess	ion									,					+100
		get Price	•												,	<i>.</i>					
.ow-Hig 31-\$69		dpoint (% 0 (25%)	to Mia)											uuu	muríh	4					<u> </u>
		ROJECTI	ONS					\sim	S				10 ¹¹ ¹¹ ¹¹		/	<u> </u> ●					+40 30
	Price		nn'l Total Return	**************************************	╡ ┨┨╵╿╕ <u>╪╿╵</u> ╵╵	4			,	i i i i i i i i i i i i i i i i i i i	իրի	un,		\sim							
	60	(+50%) (+15%)	14% 7%		11		und III														-20 -15
		Decisio	ns	I,IIII	+ 0 -		•••••••••••••••••	*****	·····	······	••••	*******	*******	*******	*********				STOCK	/L ARITH.* INDEX	
o Buy o Sell	85 69		75 82	shares	6 3					ատ.			الالا		الساليين			3 yr.	-16.7 -10.2	15.7 23.5	Е
Hld's(000)	18484	18228	18869					2012							2010		2021	5 yr.	75.0	64.0	12 11
2004 30.45	2005 35.59			2008 37.06	2009 29.03	2010 31.08	2011 29.86	2012 23.76	2013 24.63	2014 21.48	2015 20.60	2016 20.42	2017 21.47	2018 23.10	2019 22.90	2020 21.20	2021 22.85	Revenue	JE LINE PI	UB. LLC	<u>23-2</u> : 26.
2.88	3.35		3.55	2.81	2.76	2.60	2.36	2.71	3.02	3.09	3.14	3.44	3.70	3.96	4.11	4.25	4.55		low" per s	sh	5.2
1.50	1.78		1.78	1.09	.71	.38	.45	1.05	1.37	1.55	1.56	1.60	1.86	2.06	2.17	2.30	2.45		s per sh 4		3.
1.10	1.12		1.17 5.43	1.19 7.51	1.19 4.95	1.19 2.38	1.19 2.04	1.19 3.20	1.19 4.53	1.21	1.23 4.23	1.25 4.10	1.28 3.36	1.34 2.66	1.40 5.16	1.48 9.15	1.56 3.75		cl'd per s ending pe		1.0 3.0
14.81	15.80		17.55	19.14	18.78	17.57	15.83	14.43	14.75	15.39	15.98	17.03	17.62	18.38	19.46	20.85	21.70		lue per sh		24.
28.98	29.40			35.38	35.81	36.00	36.10	36.17	36.27	37.22	37.86	39.35	39.56	39.66	40.16	41.50	41.60		n Shs Out		42.
17.3 .91	15.4 .82			30.1 1.81	31.2 2.08	55.1 3.51	47.5 2.98	21.7 1.38	21.1	18.8 .99	18.2 .92	20.2	22.1 1.11	22.2 1.20	23.5 1.26		ures are Line		'I P/E Rat P/E Ratio		17
4.2%	4.1%		3.5%	3.6%	5.4%	5.7%	5.6%	5.2%	4.1%	4.1%	4.3%	3.9%	3.1%	2.9%	2.7%	estin			'l Div'd Yi	I	3.5
CAPITA		JCTURE	as of 9/30)/20		1119.1	1077.9	859.2	893.3	799.3	779.8	803.5	849.4	916.4	919.5	880	950	Revenue	es (\$mill)		11
	ebt \$81 \$764.3	3.1 mill. I	Due in 5 \ LT Interes			13.6	16.4	39.0	50.2	56.9	58.6	62.0	73.9	82.3	86.8	95.0	105	Net Prof	<u>, , , , , , , , , , , , , , , , , , , </u>		1
		ned: 4.3x)		51 000.111		.6%	14.5% 3.8%	5.2% 1.7%	21.3% 5.6%	22.5% 3.9%	27.0% 3.5%	24.5% 2.2%	25.5% 2.3%	15.0% 4.1%	16.7% 4.9%	18.0% 8.0%	18.0% 4.0%		Fax Rate % to Net F	Drofit	18.0 2.0
eases.	Uncar	oitalized A	nnual ren	tals \$22.3	3 mill.	40.2%	44.6%	44.0%	42.1%	46.5%	42.4%	43.0%	41.3%	4.1%	46.9%	42.0%	4.0%		m Debt F		45.5
	ension Assets-12/19 \$329.8 mill. 58.4%								57.9%	53.5%	57.6%	57.0%	58.7%	55.3%	53.1%	58.0%	55.0%	Commor	n Equity F	Ratio	54.5
ofd Sto	ck Non	е	0	blig \$384	4.8 mill.	1083.3	1058.9	959.2		1071.3	1051.0	1175.4	1187.3	1318.9	1471.1	1490	1640		pital (\$mil t (\$mill)	II)	19 22
						2.7%	1077.5 3.2%	1049.5	1167.0 6.8%	1268.5 6.7%	1387.8 6.8%	1477.2 6.5%	1539.6 7.3%	1581.1 7.3%	1753.8 7.0%	2050 7.5%	2120 7.5%	Net Plan Return o	n Total Ca	ap'l	7.5
s of 10		k 41,064,0	J51 SNS.			2.1%	2.8%	7.3%	9.4%	9.9%	9.7%	9.3%	10.6%	11.3%	11.1%	11.0%	11.5%		n Shr. Eq		12.0
	TCAD	: \$1.6 billi	ion (Mid (an)		2.0%	2.7%	7.3%	9.3%	9.9%	9.7%	9.3%	10.6%	11.3%	11.1%	11.0%	11.5%		n Com Ec		12.0
		ERATING		.,		NMF NMF	NMF NMF	NMF 113%	1.2% 87%	2.2% 78%	2.0% 79%	2.1% 78%	3.3% 69%	4.0% 65%	4.0% 64%	4.0% 64%	4.0% 63%		l to Com I s to Net P		4.5 62
			2017	2018	2019				orporation								ues. Also				
.va. Indust.	Retail Sales Use (MWH	0	+1.4 NA	+3.4 _NA	2 NA	Compa	ny, whic	ch suppl	ies electri	icity to	132,000) custom	ners in	and pla	stics (27	% of '19	operatir	ng incom	e). '19 re	eported	depre
lvg. Indust. Capacity at	Peak (Mw)		6.26 NA	5.97 NA	NA NA				il electric . Electric r								2,300 e Charles:				
Peak Load, Annual Load	d Factor (%	5	917 NA	912 NA	NA NA	comme	rcial & fa	arms, 36	%; industr	ial, 30%	; other,	2%. Ger	erating	Address	: 215 So	outh Case	cade St.,	P.O. Bo	x 496, Fe	ergus Fa	alls, M
6 Change (Customers	(yr-end)	+.5	+.2	+.1				d & hydro,				,				0-8780. l				-
ixed Charg			608	409	407				porati dance								n on o ratio				
ANNUA of change	L RATE (per sh)				i '17-'19 '23-'25	cons	ecuti	ive (quarte	er. 1	The o	compa	ny's	is ree	questi	ng ar	inter	rim ta	riff ir	ncreas	se o
Revenu 'Cash F		-4.5 2.5	5% 1% 6.1	5% 0%	3.0% 5.0%				ations ent exp								at wo tter Ta				
Earning	S	5.5	5% 9.	0%	6.5% 5.0%				ngly, u								sm tl				
Book V		1.0			5.0%	quar	ter p	rofits	in ear	ly N	ovem	ber, C	Otter	rever	iues a	nd vo	lume.				
Cal-		RTERLY R			Full				argeted 0 to \$2						e 202		nstru	etion	nroi	ects	arc
endar 2017	214.1	Jun.30 212.1	216.5	206.7	Year 849.4				cts its								comp				
2017	241.2	226.3	210.5	200.7	916.4				0.23-\$0								proje				
2019 2020	246.0	229.2	228.6	215.7	919.5				viously cs seg								histo n by y				
	234.7 250	192.8 235	235.8 245	216.7 220	880 950	\$0.64	1-\$0.6	6, vei	sus \$0	.50-\$	0.54	previo	usly				nillior				
	-	ARNINGS	PER SHARI		Full)19. Th								led fo				
2021 Cal-		Jun.30			Year				emand sed ea								quar 3152.5				
2021 Cal- endar	Mar.31	40	.45 .58	.50 .35	1.86	near	$_{\mathrm{the}}$	\$2.2	2 - \$2.37	rar	nge C	Otter	Tail	the	utility	has	sub	mitted	l 12	poter	ntia
2021 Cal- endar 2017 2018		.42 .47	.00			1SSU6			ebruar								he Mi pital				
2021 Cal- endar 2017 2018 2019	Mar.31 .49 .66 .66	.47 .39	.62	.51	2.17		i pro			-cu.	11 O I						undi				φτυ
2021 Cal- endar 2017 2018 2019 2020	Mar.31 .49 .66 .66 .60	.47 .39 .42	.62 .87	.51 .41	2.30	virus					ate bv	\$0.1	5. to	millio)n-517	73 mil			ment		
2021 Cal- endar 2017 2018 2019 2020	Mar.31 .49 .66 .66 .60 .68	.47 .39	.62 .87 .80	.51 .41 .50		virus 2020 \$2.30	shar), and	e-earr d boos	nings e sted ou	stima ır 20	21 es	timat	e by	This	stoc		lion. i vide i	nd yie	eld is	slig	
2021 Cal- endar 2017 2018 2019 2020 2021 Cal-	Mar.31 .49 .66 .66 .60 .68	.47 .39 .42 .47 RTERLY DIV	.62 .87 .80	.51 .41 .50 AID ^B ■	2.30 2.45 Full Year	virus 2020 \$2.30 the s	shar), and same	e-earr d boos amou	nings e sted ou nt, to	stima 1r 20 \$2.45	21 es 6, tha	timat nks to	e by the	This abov	stock the the	k's di utili	lion. i vide i ty av	nd yie erage	e ld is . Desj	s slig pite C	Otte
2021 Cal- endar 2017 2018 2019 2020 2020 2021 Cal- endar 2016	Mar.31 .49 .66 .60 .60 .68 QUAF Mar.31 .3125	.47 .39 .42 .47 RTERLY DIV J Jun.30 5 .3125	.62 .87 .80 /IDENDS P Sep.30 .3125	.51 .41 .50 AID ^B ■ Dec.31 .3125	2.30 2.45 Full Year 1.25	virus 2020 \$2.30 the s nonu	shar), and same itility	e-earr d boos amou opera	nings e sted ou	stima ır 20 \$2.45 mpro	21 es 6, that oved p	timat nks to rospe	e by the cts.	This abov Tail's	stock e the impr	k's di utili oved	lion. i vide i	nd yie erage ects,	e ld is . Desj the st	s slig pite C cock p	Otter
2021 Cal- endar 2017 2018 2019 2020 2021 Cal- endar	Mar.31 .49 .66 .60 .60 .68 QUAR Mar.31	.47 .39 .42 .47 RTERLY DIV Jun.30	.62 .87 .80 /IDENDS P/ Sep.30	.51 .41 .50 AID ^B = Dec.31 .3125 .32	2.30 2.45 Full Year	virus 2020 \$2.30 the s nonu Otte Min	shar), and same tility r Tai nesot	e-earn d boos amou opera il Po a. Th	nings e sted ou nt, to tions' i wer fi is was	stima 1r 20 \$2.45 mpro led a the ι	21 es 6, that oved p a rat utility	timat nks to rospec e cas 's first	e by the cts. e in t ap-	This abov Tail's is do tial i	stock e the impr wn 22 s app	k's di utili oved 2% in ealing	lion. i viden ty av prosp 2020 g for	nd yie erage ects, f . Tota the n	e ld is . Desp the st l retu ext 18	s slig pite C cock p urn po 8 mon	Otter orice oten nths
2021 Cal- endar 2017 2018 2019 2020 2021 Cal- endar 2016 2017	Mar.31 .49 .66 .66 .60 .68 QUAR Mar.31 .3125 .32	.47 .39 .42 .47 RTERLY DIV J Jun.30 5 .3125 .32	.62 .87 .80 /IDENDS P/ Sep.30 .3125 .32	.51 .41 .50 AID ^B ■ Dec.31 .3125	2.30 2.45 Full Year 1.25 1.28	virus 2020 \$2.30 the s nonu Otte Min plica	shar), and same tility r Tai nesot tion 1	e-earn d boos amou opera il Po v a. Th there	nings e sted ou nt, to tions' i wer fi	stima ur 20 \$2.45 mpro led a the u 2016.	21 es 5, than oved p a rat utility Otte	timat nks to rospec e cas 's first r Tail	e by o the cts. e in t ap- l re-	This abov Tail's is do tial i but u	stock e the impr wn 22 s app	k's di oved 2% in ealing ting fo	lion. ivider ty av prosp 2020 g for or the	nd yie erage ects, f . Tota the n 2023-	e ld is . Desp the st l retu ext 18	s slig pite C ock p irn po 8 mon perioo	Otten orice oten nths d.

 (A) Dil. EPS. Excl. nonrec. gains (loss): '10, (44e); '11, 26c; '13, 2c; gains (losses) from disc. ops:: '04, 8e; '05, 3e; '06, 1e; '11, disc. ops:: '04, 8e; '06, 3e; '16, disc. ops:: '16, disc. op

•	-	
ompany's Financial Strength	Α	
tock's Price Stability	95	
rice Growth Persistence	70	
arnings Predictability	90	
subscribe call 1-800-VAI	UELINE	

DOCKET NO. 20210034-EI EXHIBIT NO. DWD-1 WITNESS: D'ASCENDIS DOCUMENT NO. 4 PAGE 12 OF 14 FILED: 04/09/2021

			WE3	I NYS	SE-PNW		P	ecent Rice	76.6	9 P/E RATI	o 16 .	1 (Media	ng: 13.6) an: 16.0)	RELATIV P/E RATI		4 YLD	4.5)%	LINE		
		Lowered		High: Low:	38.0 22.3	42.7 32.3	48.9 37.3	54.7 45.9	61.9 51.5	71.1 51.2	73.3 56.0	82.8 62.5	92.5 75.8	92.6 73.4	99.8 81.6	105.5 60.1				Price	
AFET		Raised 5		LEGE	63 x Divide	ends p_sh										·					20
	ICAL ر 09 (1.00:	B Lowered	1/8/21	Options:	elative Pric	iterest Rate e Strength										\square					
	,	et Price	Range	Shaded	area indic	ates recess	ion														
ow-Hi	-	point (%	-					\wedge				החיווי		hunder	1 ¹¹¹ 11	11 11 11	•				80
57-\$13	4 \$96	(25%)								punnal.	1			\sim		<u> </u>					+60 +50
202	23-25 PR	OJECTIC)NS nn'l Total			11'''I''						•									-40
	Price I 20 (·	Gain	Return				••••	040 ·	·····	·················	•••••	********	*************	••••••••	********	•••••					
ow 1	100 (+55%) +30%)	15% 11%													•		% то	Returi	N 12/20	-20
nstitu	tional 1 102020	Decisior 202020	1S 3Q2020	Percen	t 30 -														THIS V STOCK	L ARITH.*	
Buy Sell	207 277	229 245	237 229	shares	20 - 10 -				الليبان	1111.1111.	աստ	Iluunut		ասվ	կորիդ			1 yr. 3 yr.	-8.4 3.4	18.8 29.9	E
Id's(000)	95773 2005	95025 2006	93145 2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	5 yr. © VAI	46.1	81.5	22-2
31.59	30.16	34.03	35.07	33.37	32.50	30.01	29.67	30.09	31.35	31.58	31.50	31.42	31.90	32.93	30.87	31.75	32.30		es per sh	UD. LLU	<u>2-3-2</u> 34.
6.93	5.76	9.70	9.29	8.13	8.08	6.85	7.52	7.92	8.15	8.09	9.09	9.39	9.79	11.41	11.13	11.65	11.90	"Cash F	low" per		13.
2.58 1.83	2.24 1.93	3.17 2.03	2.96 2.10	2.12 2.10	2.26 2.10	3.08 2.10	2.99 2.10	3.50 2.67	3.66 2.23	3.58 2.33	3.92 2.44	3.95 2.56	4.43 2.70	4.54 2.87	4.77 3.04	5.10 3.23	5.15 3.42		s per sh 4 cl'd per s		6. 4.
5.86	6.39	7.59	9.37	9.46	7.64	7.03	8.26	8.24	9.36	8.38	9.84	11.64	12.80	10.73	10.76	11.65	15.20		ending p		11.
32.14	34.57	34.48	35.15	34.16	32.69	33.86	34.98	36.20	38.07	39.50	41.30	43.15	44.80	46.59	48.30	50.10	51.70	Book Va	lue per sl	۱ ^C	58.
91.79 15.8	99.08 19.2	99.96 13.7	100.49 14.9	100.89 16.1	101.43	108.77 12.6	109.25 14.6	109.74 14.3	110.18 15.3	110.57 15.9	110.98 16.0	111.34 18.7	111.75 19.3	112.10 17.8	112.44	112.65 16.0	113.00		n Shs Out n'I P/E Rat	•	118.
.83	1.02	.74	.79	.97	.91	.80	.92	.91	.86	.84	.81	.98	.97	.96	1.03	.80			P/E Ratio		1.
4.5%	4.5%	4.7%	4.8%	6.2%	6.8%	5.4%	4.8%	5.3%	4.0%	4.1%	3.9%	3.5%	3.2%	3.5%	3.3%	4.0%		-	i'l Div'd Y	ield	3.7
		CTURE a 4.3 mill. E			3.0 mill.	3263.6 330.4	3241.4 328.2	3301.8 387.4	3454.6 406.1	3491.6 397.6	3495.4 437.3	3498.7 442.0	3565.3 497.8	3691.2 511.0	3471.2 538.3	3575 575	3650 585	Revenue Net Prof	es (\$mill) it (\$mill)		41
l Deb	t \$6316.4	4 mill. L	T Interes	st \$226.5	mill.	31.9%	34.0%	36.2%	34.4%	34.2%	34.3%	33.9%	32.5%	20.2%	20.2%	13.0%	13.0%		Tax Rate		13.0
otes.		Palo Verd	e sale lea	ISEDACK I	essor	11.7%	12.8%	9.7%	10.0%	11.6%	11.8%	14.1%	13.9%	15.2%	9.3%	9.0%	12.0%		% to Net I		7.0
		ied: 3.4x) talized A	nnual ren	itals \$14	7 mill	45.3% 54.7%	44.1% 55.9%	44.6% 55.4%	40.0% 60.0%	41.0% 59.0%	43.0% 57.0%	45.6% 54.4%	48.9% 51.1%	47.0% 53.0%	47.1% 52.9%	53.0% 47.0%	55.5% 44.5%		rm Debt F n Equity F		57.0 43.0
		s-12/19 \$3	3318.4 mi	ill.		6729.1	6840.9	7171.9	6990.9	7398.7	8046.3	8825.4	9796.4	9861.1	10263	11975	13175		pital (\$mi		160
fd Sto	ck None		00	olig \$361	3.1 miii.	9578.8	9962.3	10396	10889	11194	11809	12714	13445	14030	14523	15100	16050	Net Plan		on'l	181
omm	on Stock	112,596,	784 shs			6.5% 9.0%	6.4% 8.6%	6.8% 9.8%	7.1% 9.7%	6.4% 9.1%	6.4% 9.5%	6.0% 9.2%	6.1% 9.9%	6.2% 9.8%	6.3% 9.9%	5.5% 10.0%	5.5% 10.0%		on Total C on Shr. Eq		5.5 10.5
s of 1	0/23/20			0>		9.0%	8.6%	9.8%	9.7%	9.1%	9.5%	9.2%	9.9%	9.8%	9.9%	10.0%	10.0%	Return o	on Com E	quity E	10.5
		\$8.6 billi		.,		3.1% 66%	2.8% 68%	4.1% 58%	4.1% 58%	3.5% 62%	3.9% 59%	3.5% 62%	4.2% 58%	3.9% 60%	3.8% 61%	4.0% 63%	3.5% 66%		d to Com I Is to Net F		3.5 67
		RATING	2017	2018	2019				est Capital										%. Gene		
/q. Indust	Retail Sales (. Use (MWH)		620	3 662	3 714	ny for A	Arizona F	Public Se	rvice Com	pany (A	PS), whic	h supplie	es elec-	nuclear,	28%; ga	as & othe	r, 28%;	coal, 24%	6; purcha	sed, 20	%. Fu
apacity at	. Revs. per K Peak (Mw)		8.34 8438	8.40 8643	7.88 8241				mers in m rea, the T										ec. rate: 2 Jeffrey B		
nnual Loa	Summer (Mi d Factor (%)	,	7363 46.3	7320 47.0	7115 47.1	County	in north	western	Arizona. I	Discontir	nued Sur	Cor real	estate	AZ. Ad	dress: 40	00 North	Fifth St	., P.O. E	Box 5399	9, Phoe	enix, <i>i</i>
Change	Customers (y	r-end)	+1.8	+2.0	+2.0				ric revenu				-				-		www.pinn		
	ge Cov. (%)	0 0	425	318	286				's util neral										report West		
change	L RATE e (per sh)	10 Yrs.	Pas 5 Yr	's. to	i '17-'19 '23-'25				origina					targe	ted ra	ange k	oy \$0.	20 a	share,	to \$	4.95
eveni Cash	Flow"	5 2.5	% 6.0	0%	1.5% 3.5%				millioı y of 10										compa rially		
arning ivider	ids	6.5 3.0	% 3.	5%	4.5% 6.0%	equit	ty rat	io of	54.7%.	The	utilit	y red	uced	due	to som	me di	screti	onary	spen	ding	an
ook V		3.0			3.5%	its r base	eques don	ted h an R	ike to OE of	\$169 10%	milli	on (5. the s	1%), same	the	accele	ration n 202	1 of 1 to 2	some	oper	ating	ex
Cal- ndar		TERLY RE Jun.30			Full Year	comr	non-e	quity	ratio.	APS	S is	trying	g to	We l	ook fe	or slig	ghtly	high	er pr		
017	677.7	944.6		759.7	3565.3				vestme latory										he as in eff		
2018 2019	692.7 740.5	974.1 869.5		756.4 670.4	3691.2 3471.2				ertain										ong th		
020	661.9	929.6	1254.5	729	3575				The										ed fro		
021	750 F/	900 Arnings P	1250	750 F A	3650				mmissi 8 milli										the se id we		
Cal- ndar		Jun.30			Full Year	9.4%	ROF	and	the s	same	comn	ion-eq	uity	2021	estim	ate or	n norr	nál w	eather		
017	.21	1.49	2.46	.27	4.43				no stat the cas										raisec hare		
2018 2019	.03 .16	1.48 1.28	2.80 2.77	.23 .57	4.54	seve	ral m	onths	. Perh	aps a	n inc	rease	will	the	fourt	h qua	arter	. This	has	been	th
020	.27	1.71	3.07	.05	5.10				s early										ement		
2021	.15	1.50 TERLY DIV	3.15	.35 AID B =	5.15				ie risl ict tha										kes w 23-202		uur
Cal- ndar	Mar.31		Sep.30		Full Year	miss	ioners	s are :	new to	thei	r posi	tions a	adds	This	time	ly sto	ock is	attra	active	for	
	.655	.655	.655	.695	2.66				he cur 2020										ed iı ty ave		
	005	.695	.695	.7375	2.82				are, to						retui						
2017 2018 2019	.695		7375	7825	3 00	լ ոչ գ	0.10	u om					mpa	cout	rouu	in po	tentic	101	une	10-m	
	.695 .7375 .7825	.7375 .7825	.7375 .7825	.7825 .83	3.00 3.18	ny's	third	-quar	ter tal record-	ly w	as bo	osted	sig-	span	and 3		-year	perio	are s	solid.	

(A) Diluted EPS. Excl. nonrec. gain (loss): '09, due to rounding. Next earnings report due late deferred charges. In '19: '14.00/sh. (D) In mill. Stock's Price Stability 90 (St.45); '17, 8c; gains (losses) from discont. Feb. (B) Div'ds historically paid in early Mar., (E) Rate base: Fair value. Rate allowed on ops.: '05, (36c); '06, 10c; '08, 28c; '09, (13c); June, Sept., & Dec. There were 5 declarations '00, '19: '10: 10%, 'earned on avg. com. '10: 12, (5c). '19 EPS don't sum in '12. * Div'd reinvestment plan avail. (C) Incl. eq., '19: 10.1%, Regulatory Climate: Average. @ 2021 Value Ine, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. The PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

any's Financial Strength	A+
s Price Stability	90
Growth Persistence	65
igs Predictability	100

DOCKET NO. 20210034-EI EXHIBIT NO. DWD-1 WITNESS: D'ASCENDIS DOCUMENT NO. 4 PAGE 13 OF 14 FILED: 04/09/2021

PO	<u>rtl</u> /	AND	GEN	<u>ier/</u>		YSE-PO	R P	ecent Rice	41.9		o 27 .	7 (Traili Medi	ing: 14.3 an: 17.0)	RELATIVE P/E RATI		8 DIV'D	4.0)%	ALUI		
TIMELIN	iess 4	Lowered	1/22/21	High: Low:	21.4 13.5	22.7 17.5	26.0 21.3	28.1 24.3	33.3 27.4	40.3 29.0	41.0 33.0	45.2 35.3	50.1 42.4	50.4 39.0	58.4 44.0	63.1 32.0				t Price 2024	
SAFETY	-	Lowered		LEGEN	NDS														2023	2024	128
FECHNI		Lowered	1/8/21	•••• Re	elative Pric	ends p sh nterest Rate e Strength										/					96
	5 (1.00 =	,	Danca	Options: ` Shaded	Yes area indic	ates recess	ion														
.ow-Hig	th Targ	oint (%	•											t	444A 1111						48
34-\$80		(35%)	lo mia)					\sim		للهبيب	1 ₁₁₁₁ 11	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,				Thilli	•				40
	3-25 PR	DJECTIC		 	••.				<u>اران</u>	P											24
)	Price		nn'i Total Return	*****	111111111	hunn,						•									16
ligh .ow	65 (+ 45 (-55%) (+5%)	15% 6%			••••••••	****	•••	••••	,	******		,	·····	••••	· ·					_12
nstitu	tional D						I.		1.							••••			THIS N STOCK	/L ARITH.*	
o Buy	102020 132	202020 157	3Q2020 147	Percent shares	t 21 - 14 -										d. cu			1 yr.	-20.3	INDEX 18.8	E
o Sell Ild's(000)	197 86455	158 90761	180 81534	traded	7 -													3 yr. 5 yr.	3.7 37.9	29.9 81.5	+
2004	2005⊧	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		UE LINE P	UB. LLC	
	23.14 4.75	24.32 4.64	27.87 5.21	27.89 4.71	23.99 4.07	23.67 4.82	24.06 4.96	23.89 5.15	23.18 4.93	24.29 6.08	21.38 5.37	21.62 5.78	22.54 6.16	22.30 6.65	23.75 6.97	24.00 6.25	24.55 7.50	Revenue "Cash F	es per sh low" per :	eh	27.2 8.7
	1.02	1.14	2.33	1.39	1.31	1.66	1.95	1.87	1.77	2.18	2.04	2.16	2.29	2.37	2.39	1.55	2.65		s per sh		3.0
		.68	.93	.97	1.01	1.04	1.06	1.08	1.10	1.12	1.18	1.26	1.34	1.43	1.52	1.59	1.68		cl'd per s		2.
	4.08 19.15	5.94 19.58	7.28 21.05	6.12 21.64	9.25 20.50	5.97 21.14	3.98 22.07	4.01 22.87	8.40 23.30	12.87 24.43	6.73 25.43	6.57 26.35	5.77 27.11	6.67 28.07	6.78 28.99	8.60 28.95	7.45 29.90		ending p lue per sl		6.0 33.0
	62.50	62.50	62.53	62.58	75.21	75.32	75.36	75.56	78.09	78.23	88.79	88.95	89.11	89.27	89.39	89.55	89.65	Common	n Shs Out	tst'g D	90.0
		23.4 1.26	11.9 .63	16.3 .98	14.4 .96	12.0 .76	12.4 .78	14.0 .89	16.9 .95	15.3 .81	17.7 .89	19.1 1.00	20.0 1.01	18.4 .99	22.3 1.19	29.4 1.50			i'l P/E Rat P/E Ratic		18 1.(
		2.5%	.63 3.3%	.98 4.3%	.96 5.4%	.76 5.2%	./8 4.4%	.89 4.1%	.95	.81 3.3%	3.3%	3.1%	2.9%	.99 3.3%	2.8%	3.5%			'l Div'd Y		3.7
CAPITA	L STRU	CTURE a	s of 9/30	/20		1783.0	1813.0	1805.0	1810.0	1900.0	1898.0	1923.0	2009.0	1991.0	2123.0	2150	2200	Revenue	es (\$mill)		24
	ebt \$3058 \$2657 m		ue in 5 Y T Interes			125.0	147.0	141.0	137.0	175.0	172.0	193.0	204.0	212.0	214.0	140	240	Net Prof	· · · /		27
ncl. \$13	85 mill. ca	pitalized		φ120 m		30.5% 17.6%	28.3% 5.4%	31.4% 7.1%	23.2% 14.6%	26.0% 33.7%	20.7% 19.8%	20.6% 16.6%	25.3% 8.8%	7.4% 8.0%	11.2% 7.0%	Nil 14.0%	11.0% 6.0%		Tax Rate % to Net F	Profit	11.0 6.0
	rest earne Uncapit		nnual ren	tals \$8 m	ill.	53.0%	49.6%	47.1%	51.3%	52.7%	47.8%	48.4%	50.1%	46.5%	51.3%	53.5%	55.0%	-	rm Debt F		54.0
Pensior	n Assets	- 12/19 \$6		Oblig \$9	05 mill	47.0%	50.4%	52.9%	48.7%	47.3%	52.2%	51.6%	49.9%	53.5%	48.7%	46.5%	45.0%		n Equity F		46.0
ofd Sto	ck None			Oblig #5	05 min.	3390.0 4133.0	3298.0 4285.0	3264.0 4392.0	3735.0 4880.0	4037.0 5679.0	4329.0 6012.0	4544.0 6434.0	4842.0 6741.0	4684.0 6887.0	5323.0 7161.0	5575 7510	5965 7745	Net Plan	pital (\$mi t (\$mill)	")	647 787
Commo	n Stock	89.510.6	06 shs.			5.4%	6.2%	5.9%	5.1%	5.8%	5.4%	5.6%	5.5%	5.8%	5.1%	3.5%	5.0%	Return o	on Total C		5.5
as of 10						7.9% 7.9%	8.8% 8.8%	8.2% 8.2%	7.5%	9.2% 9.2%	7.6%	8.2% 8.2%	8.4% 8.4%	8.5% 8.5%	8.3% 8.3%	5.5% 5.5%	9.0% 9.0%		on Shr. Eq on Com Ec		9.5° 9.5
MARKE	T CAP: S	3.8 billio	on (Mid C	Cap)		3.0%	4.1%	3.5%	2.9%	4.6%	3.3%	3.5%	3.6%	3.5%	3.1%	NMF	3.0%		to Com		3.0
LECT	RIC OPE	RATING	STATIST			62%	54%	57%	61%	50%	56%	57%	58%	59%	63%	NMF	63%	All Div'd	s to Net F	Prof	65
6 Change F	Retail Sales (K	(WH)	2017 +3.9	2018 -2.5	2019 +1.2				eneral Ele									6%; purc			
Avğ. Indust.	Use (MWH) Revs. per KV	VH (¢)	4.94	4.79	17827 4.75				stomers in g Portland									preciation avis. Pres			
	Summer (Mw)	4743 3976	4859 3816	NA 3765				issioning t revenue b									orporated: egon 9720			
	l Factor (%) Customers (yr	-end)	NA +1.3	NA +1.1	NA +1.1				9%; other						iternet: w				04. Telep	10116. 50	00-40-
ixed Charg	e Cov. (%)		298	266	265				eral I							xpect	s the	tradir	ng los	s will	l no
ANNUA	L RATES		Pas	st Est'd	'17-'19				nly de son w						t this.	orthy		oital	nroi	oct ·	11796
of change Revenu	iës	10 Yrs. -1.5		0% 3	23-'25 3.0%				Augu									and			
Cash F Earning		3.5° 3.5'	% 4.0	0% 4	5.0% 4.0%				ll-year									n in 300-r			
Dividen Book V		4.0 3.0	% 5.8 % 3.8		6.0% 2.5%				the Se 'he coi									re wit			
Cal-			VENUES (Full	comr	nittee	of bo	pard m	embe	rs to	reviev	v its	ergy.	(In c	onjun	ction	with t	the pr	oject,	, the
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year				l mad ts orga									vn 50 of bat			
2017 2018	530 493	449 449	515 525		2009 1991	as a	resu	ılt. T	he cos	ts of	thes	e cha	nges	that	are sc	hedul	led for	r com	pletior	ı by y	year
2019	573	460	542	548	2123				ial, an part o									l's sha on. T			
2020 2021	573 580	469 475	547 570		2150 2200	ing	loss.	Man	ageme	nt is	guid	ling	Wall	build	ing ar	n inte	grated	l opera	ations	cente	er a
Cal-	EA	RNINGS P	ER SHARE	A	Full				per ha 30 a sh		its ear	mings	tar-	an e	xpecte	d cos	t of §	\$200 1	millio	n. Th	
endar 2017			Sep.30		Year				ou a sr earn		recov	very	this					ion by ; loss ,			are
2017 2018	.82 .72	.36 .51	.44 .59	.67 .55	2.29 2.37	year	: The	energ	gy-trad	ling l	oss w	as lim	nited	soun	d. Int	terest	cover	age is	s adeq	uate,	and
2019	.82	.28	.61	.68	2.39				t in t sume i									atio is e equit			
2020	.91 .85	.43 .45	d.19 <i>.60</i>	.40 .75	1.55 2.65	such	prob	lems.	We al	so ex	pect 1	he ut	tility	capit	al ez	kpend	itures	. PG			
2021		Erly Divi	DENDS PA	ID ¤∎†	Full				a be						igth ra				ider	1	IA +
Cal-			Can 20		Veer	 servi 	ice a	rea.	Renew	apie-	energ	y inv	vest-	1 IIIS	untii	nery	SLOCK	s aiv	uenc	. viel	iu 18
Cal- endar	Mar.31	Jun.30			Year		ts are	e bein	g reco	vered	l thro	ugh a	a re-	sligh	tly al	bove		itility			The
endar 2017	Mar.31 .32	.32	.34	.34	1.32	ment newa	able a	adjust	ment	claus	e. PC	έĔ's l	ong-	equit	y is n	otewo	the under the	itility or its	7 ave 18-m	rage.	pros
Cal- endar	Mar.31					ment newa term	able a goal	adjust for a		claus earr	e. PO nings	ŧĔ's 1 growt	ong- h is	equit pects	y is n , howe	otewo ever, a	the u orthy f and of	ıtility	aver 18-mo espect	rage.	pros

(A) Diluted EPS. Excl. nonrecurring losses: '13, holder investment plan avail. (C) Incl. deferred 42e; '17, 19e. Next earnings report due midcharges. In '19: \$483 mill., \$5.40/sh. (D) In mill. Feb. (B) Div/ds paid mid-Jan., Apr., July, and (F Rate base: Net orig. cost. Rate allowed on cost. ■ Oct. ■ Div/d reinvestment plan avail. † Shareloss of the state and the state and the state are profered to a state are profered to a state and the state are profered to a state and the state are profered to a state and the state and the state are profered to a stat

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DOCKET NO. 20210034-EI EXHIBIT NO. DWD-1 WITNESS: D'ASCENDIS DOCUMENT NO. 4 PAGE 14 OF 14 FILED: 04/09/2021

XC		NER	<u>GY</u>	NDQ-XE			P	ecent Rice	64.40			2 (Traili Medi	ng: 23.0) an: 16.0)	RELATIVE P/E RATI		2 PIV'D	2.8	8%	ALU LINE		
TIMELI			2/4/20	High: Low:	21.9 16.0	24.4 19.8	27.8 21.2	29.9 25.8	31.8 26.8	37.6 27.3	38.3 31.8	45.4 35.2	52.2 40.0	54.1 41.5	66.1 47.7	76.4 46.6				t Price	
SAFET		Raised 5		LEGEN	NDS 68 x Divide	ends p sh terest Rate															
	IICAL 2 80 (1.00	2 Lowered	1/15/21	div Re Options: '	elative Pric	terest Rate e Strength															12
		get Price	Range	Shaded	area indic	ates recess	ion														+10 80
.ow-Hi		lpoint (%	-													_{վկուս} ,	•				60
51-\$10	06 \$79	(20%)												1,000 mil							50 40
202	23-25 PF	ROJECTIC	NS nn'l Total	•						, III.	1III.	n		\sim							-30
	Price 70 (Gain	Return	4444444		and the second	''اا ' ^י אייייי'					• •									20
ligh .ow		+10%) (-15%)	5% Nil		11111- ** *	·····	••••		·····	·•**•••	•••••	*******		· · · · · · · · · · · ·	****	•		% TO1	Retur	N 12/20	- 15
nstitu	1 tional 102020	202020	1S 3Q2020	Percen	t 30 -															VL ARITH.* INDEX	
o Buy o Sell	365 378		356 362	shares	20 - 10 +		. II.				اليانية ال	վառուս		السيبان				1 yr. 3 yr.	7.8 51.1	18.8 29.9	E
HId's(000)) 407479	412864	407854 2007		2009						2015			2019			2021	5 yr.	115.7 UE LINE P	81.5	12 1
2004 20.84	2005 23.86		23.40	2008 24.69	2009	2010 21.38	2011 21.90	2012	2013 21.92	2014 23.11	2015 21.72	2010	2017 22.46	2018 22.44	2019 21.98	2020 21.15	2021		es per sh	UD. LLC	<u>23-2</u> 24.
3.27	3.28		3.45	3.50	3.48	3.51	3.79	4.00	4.10	4.28	4.56	5.04	5.47	5.92	6.25	6.60	7.20		low" per	sh	9.0
1.27 .81	1.20		1.35 .91	1.46 .94	1.49 .97	1.56 1.00	1.72 1.03	1.85 1.07	1.91 1.11	2.03 1.20	2.10 1.28	2.21 1.36	2.30 1.44	2.47 1.52	2.64 1.62	2.80 1.72	2.95 1.82		s per sh cl'd per s		3. 2.
3.19	3.25		4.89	4.66	3.91	4.60	4.53	5.27	6.82	6.33	7.26	6.42	6.54	7.70	8.05	6.70	7.70		ending p		2.
12.99	13.37	14.28	14.70	15.35	15.92	16.76	17.44	18.19	19.21	20.20	20.89	21.73	22.56	23.78	25.24	27.25	28.55		lue per sl		33.
400.46 13.6	403.39		428.78 16.7	453.79 13.7	457.51 12.7	482.33 14.1	486.49 14.2	487.96 14.8	497.97 15.0	505.73 15.4	507.54 16.5	507.22 18.5	507.76 20.2	514.04 18.9	524.54 22.3	539.00 23.8	542.00		n Shs Ou I'l P/E Rat	•	555. 18
.72	.82	.80	.89	.82	.85	.90	.89	.94	.84	.81	.83	.97	1.02	1.02	1.19	1.20			P/E Ratio		1.
4.7%	4.6%	4.4%	4.0%	4.7%	5.1%	4.5%	4.2%	3.9%	3.9%	3.8%	3.7%	3.3%	3.1%	3.3%	2.7%	2.6%		-	'l Div'd Y	ield	3.4
		ICTURE a 361 mill. E			5 mill.	10311 727.0	10655 841.4	10128 905.2	10915 948.2	11686 1021.3	11024 1063.6	11107 1123.4	11404 1171.0	11537 1261.0	11529 1372.0	11400 1480	12000 1600	Revenue Net Prof			135 19
T Deb	t \$19960) mill. L	T Interes	st \$800 m		37.5%	35.8%	33.2%	33.8%	33.9%	35.8%	34.1%	30.7%	12.6%	8.5%	Nil	NMF	Income	· (· /		N
		pitalized I ned: 2.8x)	eases.			11.7%	9.4%	10.8%	13.4%	12.5%	7.7%	7.8%	9.4%	12.4%	8.3%	11.0%	7.0%		% to Net I		7.0
eases	Incan	italized A	nnual ren	tals \$262	mill	53.1% 46.3%	51.1% 48.9%	53.3% 46.7%	53.3% 46.7%	53.0% 47.0%	54.1% 45.9%	56.3% 43.7%	55.9% 44.1%	56.4% 43.6%	56.8% 43.2%	57.0% 43.0%	56.0% 44.0%		rm Debt F n Equity F		55.5 44.5
		s-12/19 \$	3184 mill.			17452	17331	19018	20477	21714	23092	25216	25975	28025	30646	34350	35325		pital (\$mi		415
ofd Sto	ock None	9		Oblig \$37	701 mill.	20663	22353	23809	26122	28757	31206	32842	34329	36944	39483	41000	42875	Net Plan			484
Comm	on Stock	x 525,457	773 chc			5.7% 8.9%	6.5% 9.9%	6.1% 10.2%	6.0% 9.9%	6.0% 10.0%	5.8% 10.0%	5.7% 10.2%	5.8% 10.2%	5.7% 10.3%	5.6% 10.4%	5.5% 10.0%	5.5% 10.5%		on Total C on Shr. Eq	· /	6.0 10.5
as of 1	0/19/20					8.9%	9.9%	10.2%	9.9%	10.0%	10.0%	10.2%	10.2%	10.3%	10.4%	10.0%	10.5%	Return o	n Com E	quity E	10.5
		\$34 billio		.,		3.6% 59%	4.3% 56%	4.7% 54%	4.5% 54%	4.5% 55%	4.3% 57%	4.0% 61%	3.9% 62%	4.3% 58%	4.4% 58%	4.0% 62%	4.0% 61%		l to Com s to Net F		4.0 61
		ERATING	2017	2018	2019				gy Inc. is						gas. Ele						-
Large C &	Retail Sales I Use (MWH)	. ,		+3.2 23004	-1.2 NA	Power,	which s	upplies	electricity	to Minn	esota, W	lisconsin	, North	36%; lg	. comm'l	& ind'l,	18%; oth	er, 15%.	Generat	ing sour	ces n
Capacity a	l Revs. per K t Peak (Mw)		6.36 NA	5.91 NA	5.96 NA				Michigan n; P.S. of						uel costs empls. C						
Annual Loa	l, Summer (M ad Factor (%)	<i>'</i>	NA	NA	20146 NA	city & g	gas to Co	olorado;	& Southwe	estern P	ublic Ser	vice, whi	ch sup-	Bob Fre	nzel. Inc	.: MN. Ad	ddress: 4	14 Nicoll	et Mall, N	/linneapo	
% Change	Customers (y	/r-end)	+.9	+1.1	+1.0				& New M						Tel.: 612-					, 	
	rge Cov. (%)	C Deat	330	281	272				North ot ha						te fili upco						
of chang	AL RATE e (per sh)	10 Yrs.	Pa: 5 Yr	rs. to'	23-'25	case	in I	Minn	esota	in 2	2021.	NSP	had		ic Ser						
Reven Cash	Flow"	5 5.5	% 7.	5%	1.5% 7.5%				for a s, but						e in 1 and						
arnin Divider	nds	5.5 5.0	% 6.	5%	6.0% 6.0%	tive	propo	sal for	r a con	tinua	tion o	f mec	han-	We w	vere ex	xpecti	ng an	appli	cation	ı in T	exa
Book V	-	4.5			5.5%	1sms	that er in	bene 2020	fited to by ad	tne u justir	itility' ng rev	s ear	ning s for	as th want	nis reg s to p	port v place	went a win	to pre d pro	ess. T iect in	ne u 1 the	tilit rat
Cal- endar		RTERLY RE Jun.30			Full Year	fluct	uatior	ns in	sales,	earni	ng a	retur	n on	base.	Orde	ers or	n the	case	s are	expe	ecte
2017	2946	2645	3017	2796	11404				expe prope						in 20 t on 1						
2018 2019	2951	2658 2577	3048 3013	2880 2798	11537 11529				d the					year.				01			
2020	2811	2586	3182	2821	11400				year e						nings						
2021	3100 F	2700 Arnings f	3150 FR SHAR	3050 F A	12000				case in or a l						, and se thi						
Cal- endar		Jun.30			Full Year	(10.8	\$%), b	ased	on a	retur	n on	equit	y of	fiting	g from	ı rate	relie	f. Effe	ective	cost	con
2017	.47	.45	.97	.42	2.30				comn rim inc						is hel and						
2018 2019	.57	.52 .46	.96 1.01	.42 .56	2.47 2.64	this	mont	h, an	d a fin					\$0.05	i each	year.	These	e are	withir	the	com
2020	.56	.54	1.14	.56	2.80		e thir		rter. a com	mier	ion -		how		's gui) for 2						2.90
2021	.65 QUAR	.55 TERLY DIV	1.15 IDENDS P	.60	2.95				a com o rep						time						uit
Cal- endar	Mar.31		Sep.30		Full Year	proj	ects.	This	will a	ld 65	0 meg	gawat	ts of	has a	a low	7 divi	dend	yield	l for	a uti	ility
2017	.34	.36	.36	.36	1.42				cost of e regul						is abo stry n						
	.36	.38	.38	.38	1.50				mw o								e 18-				
2018		.405	.405	.403															- open	-,	
	.38 .405	.405 .43	.405 .43	.405 .43	1.70	proje			f \$650 om 202	mill	ion. Ť	he sp	end-	for th	ne 202 <i>E. De</i>	23-202		iod.	anuar	,	

(A) Diluted EPS. Excl. nonrecurring gain (losses): '10, 5¢; '15, (16¢); '17, (5¢); gains (losses) on discontinued ops.: '04, (30¢); '05, 3¢; '06, 1¢; '09, (1¢); '10, 1¢. '17 EPS don't

sum due to rounding. Next earnings report due late Jan. (B) Div'ds historically paid mid-Jan., Apr., July, and Oct. = Div'd reinvestment plan available. (C) Incl. intangibles. In '19: \$5.60/sh.

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

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<u>Tampa Electric Company, Inc.</u> Summary of Risk Premium Models for the <u>Proxy Group of Thirteen Electric Companies</u>

	-	Proxy Group of Thirteen Electric Companies
Predictive Risk Premium Model (PRPM) (1)		10.36 %
Risk Premium Using an Adjusted Total Market Approach (2)	-	10.52_%
	Average _	10.44 %

Notes:

(1) From page 2 of Document No. 5.

(2) From page 3 of Document No. 5.

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Average of Mean and Median

10.36%

Tampa Electric Company, Inc. Indicated ROE Derived by the Predictive Risk Premium Model (1)

	[1]	[2]	[3]	[4]	[5]	[6]	[7]
	LT Average	Spot			Predicted Risk		
Proxy Group of Thirteen Electric	Predicted	Predicted	Recommended	GARCH	Premium	Risk-Free	Indicated
Companies	Variance	Variance	Variance (2)	Coefficient	(3)	Rate (4)	ROE (5)
ALLETE, Inc.	0.29%	0.46%	0.29%	2.1356	7.57%	2.31%	9.88%
Alliant Energy Corporation	0.27%	0.31%	0.27%	2.5648	8.54%	2.31%	10.85%
Ameren Corporation	0.23%	0.23%	0.23%	1.9178	5.38%	2.31%	7.69%
Duke Energy Corporation	0.31%	0.27%	0.31%	1.8161	7.01%	2.31%	9.32%
Edison International	0.43%	0.61%	0.43%	1.4753	7.93%	2.31%	10.24%
Entergy Corporation	0.40%	0.56%	0.40%	2.1949	11.06%	2.31%	13.37%
IDACORP, Inc.	0.29%	0.39%	0.29%	2.1492	7.65%	2.31%	9.96%
NorthWestern Corporation	0.34%	0.34%	0.34%	2.3264	9.94%	2.31%	12.25%
OGE Energy Corporation	0.31%	0.30%	0.31%	2.1283	8.17%	2.31%	10.48%
Otter Tail Corporation	0.37%	0.35%	0.37%	1.5726	7.28%	2.31%	9.59%
Pinnacle West Capital Corporation	0.60%	0.42%	0.60%	1.2411	9.27%	2.31%	11.58%
Portland General Electric Company	0.27%	0.35%	0.27%	2.0055	6.73%	2.31%	9.04%
Xcel Energy, Inc.	0.27%	0.18%	0.27%	2.7949	9.54%	2.31%	11.85%
						Average	10.47%
						nverage	10.17 /0
						Median	10.24%

Notes:

- (1) The Predictive Risk Premium Model uses historical data to generate a predicted variance and a GARCH coefficient. The historical data used are the equity risk premiums for the first available trading month as reported by Bloomberg Professional Service.
- (2) Given current market conditions, I recommend using the long-term average predicted variance.
- (3) $(1+(Column [3] * Column [4])^{12}) 1.$
- (4) From note 2 on page 2 of Document No. 6
- (5) Column [5] + Column [6].

DOCKET NO. 20210034-EI EXHIBIT NO. DWD-1 WITNESS: D'ASCENDIS DOCUMENT NO. 5 PAGE 3 OF 13 FILED: 04/09/2021

Tampa Electric Company, Inc. Indicated Common Equity Cost Rate Through Use of a Risk Premium Model Using an Adjusted Total Market Approach

Line No.		Proxy Group of Thirteen Electric Companies
1.	Prospective Yield on Aaa Rated Corporate Bonds (1)	3.06 %
2.	Adjustment to Reflect Yield Spread Between Aaa Rated Corporate Bonds and A2 Rated Public Utility Bonds	0.50 (2)
3.	Adjusted Prospective Yield on A2 Rated Public Utility Bonds	3.56 %
4.	Adjustment to Reflect Bond Rating Difference of Proxy Group	0.10 (3)
5.	Adjusted Prospective Bond Yield	3.66 %
6.	Equity Risk Premium (4)	6.86
7.	Risk Premium Derived Common Equity Cost Rate	10.52 %

- Notes: (1) Consensus forecast of Moody's Aaa Rated Corporate bonds from Blue Chip Financial Forecasts (see pages 10 and 11 of Document No. 5).
 - (2) The average yield spread of A2 rated public utility bonds over Aaa rated corporate bonds of 0.50% from page 4 of Document No. 5.
 - (3) Adjustment to reflect the A3 Moody's LT issuer rating of the Utility Proxy Group as shown on page 5 of Document No. 5. The 0.1% upward adjustment is derived by taking 1/3 of the spread between A2 and Baa2 Public Utility Bonds (1/3 * 0.3% = 0.10%) as derived from page 4 of Document No. 5.
 - (4) From page 7 of Document No. 5.

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<u>Tampa Electric Company, Inc.</u> Interest Rates and Bond Spreads for <u>Moody's Corporate and Public Utility Bonds</u>

Selected Bond Yields

	[1]	[2]	[3]
	Aaa Rated Corporate Bond	A2 Rated Public Utility Bond	Baa2 Rated Public Utility Bond
Jan-2021 Dec-2020	2.45 % 2.26	2.91 % 2.77	3.19 % 3.05
Nov-2020	2.30	2.85	3.05
Average	2.34 %	2.84 %	3.14 %

Selected Bond Spreads

A2 Rated Public Utility Bonds Over Aaa Rated Corporate Bonds:

0.50 % (1)

Baa2 Rated Public Utility Bonds Over A2 Rated Public Utility Bonds:

0.30 %(2)

Notes: (1) Column [2] - Column [1]. (2) Column [3] - Column [2].

Source of Information: Bloomberg Professional Service

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Tampa Electric Company, Inc. Comparison of Long-Term Issuer Ratings for Proxy Group of Thirteen Electric Companies

	Moody's Long-Term Issuer Rating January 2021		Standard & Poor's Long-Term Issuer Rating January 2021	
Proxy Group of Thirteen Electric Companies	Long-Term Issuer Rating (1)	Numerical Weighting (2)	Long-Term Issuer Rating (1)	Numerical Weighting (2)
ALLETE, Inc.	A3	7.0	NR	
Alliant Energy Corporation	A3/Baa1	7.5	A/A-	6.5
Ameren Corporation	A3	7.0	BBB+	8.0
Duke Energy Corporation	A3	7.0	BBB+	8.0
Edison International	Baa2	9.0	BBB	9.0
Entergy Corporation	Baa1/Baa2	8.5	BBB+	8.0
IDACORP, Inc.	A3	7.0	BBB	9.0
NorthWestern Corporation	Baa2	9.0	BBB	9.0
OGE Energy Corporation	A3	7.0	A-	7.0
Otter Tail Corporation	A3	7.0	BBB+	8.0
Pinnacle West Capital Corporation	A2	6.0	A-	7.0
Portland General Electric Company	A3	7.0	BBB+	8.0
Xcel Energy, Inc.	A3	7.0	A-	7.0
Average	A3	7.4	BBB+	7.9

Notes:

(1) Ratings are that of the average of each company's utility operating subsidiaries.

(2) From page 6 of Document No. 5.

Sources of Information: Moody's Investors Service

Standard & Poor's Global Utilities Rating Service

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Moody's Bond Rating	Numerical Bond Weighting	Standard & Poor's Bond Rating
Aaa	1	ААА
Aa1	2	AA+
Aa2	3	AA
Aa3	4	AA-
A1	5	A+
A2	6	А
A3	7	А-
Baa1	8	BBB+
Baa2	9	BBB
Baa3	10	BBB-
Ba1	11	BB+
Ba2	12	BB
Ba3	13	BB-
B1	14	B+
B2	15	В
B3	16	B-

Numerical Assignment for Moody's and Standard & Poor's Bond Ratings

DOCKET NO. 20210034-EI EXHIBIT NO. DWD-1 WITNESS: D'ASCENDIS DOCUMENT NO. 5 PAGE 7 OF 13 FILED: 04/09/2021

<u>Tampa Electric Company, Inc.</u> Judgment of Equity Risk Premium for <u>Proxy Group of Thirteen Electric Companies</u>

Line No.		Proxy Group of Thirteen Electric Companies
1.	Calculated equity risk premium based on the total market using the beta approach (1)	9.16 %
2.	Mean equity risk premium based on a study using the holding period returns of public utilities with A2 rated bonds (2)	5.51
3.	Predicted Equity Risk Premium Based on Regression Analysis of 1,179 Fully-Litigated Electric Utility Rate Cases	5.92
4.	Average equity risk premium	<u> </u>
Notes:	 (1) From page 8 of Document No. 5. (2) From page 12 of Document No. 5. (2) From page 12 of Document No. 5. 	

(3) From page 13 of Document No. 5.

DOCKET NO. 20210034-EI EXHIBIT NO. DWD-1 WITNESS: D'ASCENDIS DOCUMENT NO. 5 PAGE 8 OF 13 FILED: 04/09/2021

<u>Tampa Electric Company, Inc.</u> Derivation of Equity Risk Premium Based on the Total Market Approach Using the Beta for the <u>Proxy Group of Thirteen Electric Companies</u>

Line No.	Equity Risk Premium Measure	Proxy Group of Thirteen Electric Companies
<u>Ib</u>	botson-Based Equity Risk Premiums:	
1.	Ibbotson Equity Risk Premium (1)	5.78 %
2.	Regression on Ibbotson Risk Premium Data (2)	9.30
3.	Ibbotson Equity Risk Premium based on PRPM (3)	9.65
4.	Equity Risk Premium Based on Value Line Summary and Index (4)	6.77
5.	Equity Risk Premium Based on Value Line S&P 500 Companies (5)	11.04
6.	Equity Risk Premium Based on Bloomberg S&P 500 Companies (6)	14.72
7.	Conclusion of Equity Risk Premium	9.54 %
8.	Adjusted Beta (7)	0.96
9.	Forecasted Equity Risk Premium	9.16 %

Notes provided on page 9 of Document No. 5.

DOCKET NO. 20210034-EI EXHIBIT NO. DWD-1 WITNESS: D'ASCENDIS DOCUMENT NO. 5 PAGE 9 OF 13 FILED: 04/09/2021

<u>Tampa Electric Company. Inc.</u> Derivation of Equity Risk Premium Based on the Total Market Approach Using the Beta for the <u>Proxy Group of Thirteen Electric Companies</u>

Notes:

- (1) Based on the arithmetic mean historical monthly returns on large company common stocks from Ibbotson® SBBI® 2021 Market Report minus the arithmetic mean monthly yield of Moody's average Aaa and Aa2 corporate bonds from 1926-2019.
- (2) This equity risk premium is based on a regression of the monthly equity risk premiums of large company common stocks relative to Moody's average Aaa and Aa2 rated corporate bond yields from 1928-2019 referenced in note 1 above.
- (3) The Predictive Risk Premium Model (PRPM) is discussed in the accompanying direct testimony. The Ibbotson equity risk premium based on the PRPM is derived by applying the PRPM to the monthly risk premiums between Ibbotson large company common stock monthly returns and average Aaa and Aa2 corporate monthly bond yields, from January 1928 through January 2021.
- (4) The equity risk premium based on the Value Line Summary and Index is derived by subtracting the average consensus forecast of Aaa corporate bonds of 3.06% (from page 3 of Document No. 5) from the projected 3-5 year total annual market return of 9.83% (described fully in note 1 on page 2 of Document No. 6).
- (5) Using data from Value Line for the S&P 500, an expected total return of 14.10% was derived of based upon expected dividend yields and long-term earnings growth estimates as a proxy for capital appreciation. Subtracting the average consensus forecast of Aaa corporate bonds of 3.06% results in an expected equity risk premium of 11.04%.
- (6) Using data from the Bloomberg Professional Service for the S&P 500, an expected total return of 17.78% was derived of based upon expected dividend yields and long-term earnings growth estimates as a proxy for capital appreciation. Subtracting the average consensus forecast of Aaa corporate bonds of 3.06% results in an expected equity risk premium of 14.72%.
- (7) Average of mean and median beta from Document No. 6.

Sources of Information:

Stocks, Bonds, Bills, and Inflation - 2020 SBBI Yearbook, John Wiley & Sons, Inc. Industrial Manual and Mergent Bond Record Monthly Update. Value Line Summary and Index Blue Chip Financial Forecasts, December 1, 2020 and February 3, 2021 Bloomberg Professional Service

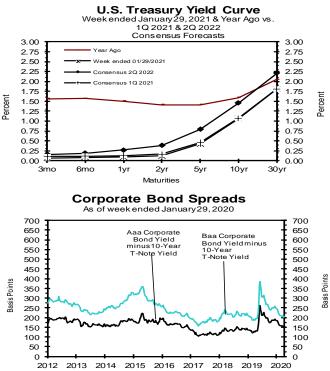
DOCKET NO. 20210034-EI EXHIBIT NO. DWD-1 WITNESS: D'ASCENDIS DOCUMENT NO. 5 PAGE 10 OF 13 FILED: 04/09/2021

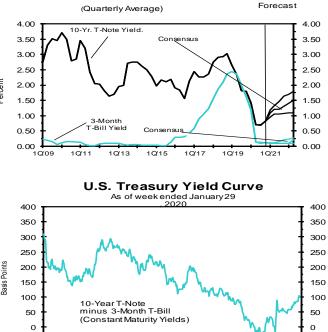
2 ■ BLUE CHIP FINANCIAL FORECASTS ■ FEBRUARY 3, 2021

Consensus Forecasts of U.S. Interest Rates and Key Assumptions

	History						Cons	ensus l	Foreca	sts-Qua	arterly	Avg.		
	Av	erage For	Week End	ding	Ave	erage For	Month	Latest Qtr		2Q	3Q	4Q	1Q	$2\mathbf{\tilde{Q}}$
Interest Rates	Jan 22	Jan 15	Jan 8	<u>Jan 1</u>	Dec	Nov	Oct	4Q 2020	2021	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2022</u>	2022
Federal Funds Rate	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.1	0.1	0.1	0.1	0.1	0.1
Prime Rate	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.3	3.3	3.3	3.3	3.3	3.3
LIBOR, 3-mo.	0.22	0.23	0.23	0.24	0.23	0.22	0.22	0.22	0.2	0.3	0.3	0.3	0.3	0.3
Commercial Paper, 1-mo.	0.08	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.1	0.1	0.2	0.2	0.2	0.2
Treasury bill, 3-mo.	0.09	0.09	0.09	0.10	0.09	0.09	0.10	0.09	0.1	0.1	0.1	0.1	0.1	0.2
Treasury bill, 6-mo.	0.10	0.10	0.09	0.10	0.09	0.10	0.11	0.10	0.1	0.1	0.1	0.2	0.2	0.2
Treasury bill, 1 yr.	0.10	0.11	0.10	0.11	0.10	0.12	0.13	0.12	0.1	0.2	0.2	0.2	0.2	0.3
Treasury note, 2 yr.	0.13	0.14	0.13	0.13	0.14	0.17	0.15	0.15	0.2	0.2	0.3	0.3	0.3	0.4
Treasury note, 5 yr.	0.45	0.49	0.42	0.37	0.39	0.39	0.34	0.37	0.5	0.5	0.6	0.7	0.7	0.8
Treasury note, 10 yr.	1.11	1.13	1.03	0.94	0.93	0.87	0.79	0.86	1.1	1.2	1.2	1.3	1.4	1.5
Treasury note, 30 yr.	1.85	1.86	1.78	1.66	1.67	1.62	1.57	1.62	1.8	1.9	2.0	2.1	2.1	2.2
Corporate Aaa bond	2.65	2.67	2.61	2.49	2.52	2.58	2.65	2.58	2.5	2.6	2.7	2.8	2.9	2.9
Corporate Baa bond	3.13	3.16	3.12	3.00	3.03	3.13	3.27	3.14	3.4	3.6	3.7	3.8	3.9	3.9
State & Local bonds	2.66	2.67	2.67	2.67	2.70	2.82	2.93	2.82	2.5	2.6	2.7	2.8	2.8	2.9
Home mortgage rate	2.77	2.79	2.65	2.67	2.68	2.77	2.83	2.76	2.8	3.0	3.0	3.1	3.2	3.2
				Histor	y				Co	onsensi	ıs Fore	casts-(Juarte	rly
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Key Assumptions	2019	2019	2019	2019	2020	2020	2020	2020	2021	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2022</u>	2022
Fed's AFE \$ Index	109.4	110.3	110.5	110.3	111.2	112.4	107.2	105.2	103.4	102.8	102.7	102.7	102.5	102.6
Real GDP	2.9	1.5	2.6	2.4	-5.0	-31.4	33.4	4.0	2.1	5.4	6.0	4.5	3.4	3.0
GDP Price Index	1.2	2.5	1.5	1.4	1.4	-1.8	3.5	2.0	1.8	1.7	1.9	1.9	1.9	2.0
Consumer Price Index	0.9	3.0	1.8	2.4	1.2	-3.5	5.2	2.2	2.3	1.8	2.1	2.0	2.1	2.1
PCE Price Index	0.6	2.5	1.4	1.5	1.3	-1.6	3.7	1.5	2.1	1.7	1.9	1.9	1.9	1.9

Forecasts for interest rates and the Federal Reserve's Major Currency Index represent averages for the quarter. Forecasts for Real GDP, GDP Price Index and Consumer Price Index are seasonally-adjusted annual rates of change (saar). Individual panel members' forecasts are on pages 4 through 9. Historical data: Treasury rates from the Federal Reserve Board's H.15; AAA-AA and A-BBB corporate bond yields from Bank of America-Merrill Lynch and are 15+ years, yield to maturity; State and local bond yields from Bank of America-Merrill Lynch, A-rated, yield to maturity; Mortgage rates from Freddie Mac, 30-year, fixed; LIBOR quotes from Intercontinental Exchange. All interest rate data are sourced from Haver Analytics. Historical data for Fed's Major Currency Index are from FRSR H.10. Historical data for Real GDP and GDP Chained Price Index are from the Bureau of Economic Analysis (BEA). Consumer Price Index (CPI) history is from the Department of Labor's Bureau of Labor Statistics (BLS).





2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

-50

U.S. 3-Mo. T-Bills & 10-Yr. T-Note Yield

105

-50

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Long-Range Survey:

The table below contains the results of our twice-annual long-range CONSENSUS survey. There are also Top 10 and Bottom 10 averages for each variable. Shown are consensus estimates for the years 2022 through 2026 and averages for the five-year periods 2022-2026 and 2027-2031. Apply these projections cautiously. Few if any economic, demographic and political forces can be evaluated accurately over such long time spans.

			Ave	erage For The	(ear		Five-Year	Averages
		2022	2023	2024	2025	2026	2022-2026	2027-2031
1. Federal Funds Rate	CONSENSUS	0.1	0.3	0.7	1.2	1.5	0.8	1.8
	Top 10 Average	0.2	0.7	1.4	2.0	2.4	1.3	2.5
	Bottom 10 Average	0.1	0.1	0.2	0.4	0.6	0.3	1.2
2. Prime Rate	CONSENSUS	3.3	3.5	3.9	4.3	4.6	3.9	4.9
	Top 10 Average	3.4	3.7	4.4	5.0	5.4	4.4	5.4
	Bottom 10 Average	3.2	3.2	3.3	3.5	3.8	3.4	4.5
3. LIBOR, 3-Mo.	CONSENSUS	0.4	0.6	1.1	1.5	1.8	1.1	2.2
	Top 10 Average	0.5	1.0	1.7	2.2	2.6	1.6	2.7
	Bottom 10 Average	0.3	0.3	0.5	0.8	1.1	0.6	1.6
4. Commercial Paper, 1-Mo	CONSENSUS	0.3	0.7	1.2	1.6	1.9	1.1	2.1
	Top 10 Average	0.4	0.9	1.6	2.1	2.4	1.5	2.5
	Bottom 10 Average	0.2	0.4	0.8	1.2	1.5	0.8	1.7
5. Treasury Bill Yield, 3-Mo	CONSENSUS	0.2	0.4	0.8	1.2	1.5	0.8	1.9
	Top 10 Average	0.3	0.7	1.5	2.0	2.4	1.4	2.5
	Bottom 10 Average	0.1	0.1	0.2	0.5	0.7	0.3	1.3
6. Treasury Bill Yield, 6-Mo	CONSENSUS	0.2	0.5	0.9	1.3	1.6	0.9	2.0
	Top 10 Average	0.3	0.8	1.6	2.1	2.5	1.5	2.6
	Bottom 10 Average	0.1	0.2	0.3	0.5	0.8	0.4	1.4
7. Treasury Bill Yield, 1-Yr	CONSENSUS	0.3	0.6	1.0	1.4	1.8	1.0	2.1
•	Top 10 Average	0.5	1.0	1.7	2.3	2.6	1.6	2.7
	Bottom 10 Average	0.2	0.3	0.4	0.7	0.9	0.5	1.6
8. Treasury Note Yield, 2-Yr	CONSENSUS	0.4	0.8	1.2	1.6	1.9	1.2	2.3
2	Top 10 Average	0.7	1.2	1.9	2.4	2.8	1.8	2.9
	Bottom 10 Average	0.2	0.3	0.6	0.8	1.1	0.6	1.7
9. Treasury Note Yield, 5-Yr	CONSENSUS	0.8	1.2	1.6	2.0	2.3	1.5	2.5
	Top 10 Average	1.1	1.6	2.3	2.8	3.1	2.1	3.1
	Bottom 10 Average	0.5	0.7	1.0	1.2	1.4	1.0	1.9
10. Treasury Note Yield, 10-Yr	0	1.3	1.7	2.0	2.4	2.6	2.0	2.8
······································	Top 10 Average	1.7	2.2	2.7	3.1	3.4	2.6	3.5
	Bottom 10 Average	0.9	1.2	1.4	1.7	1.8	1.4	2.2
11. Treasury Bond Yield, 30-Yr	0	2.1	2.4	2.8	3.1	3.4	2.8	3.6
	Top 10 Average	2.5	3.0	3.5	4.0	4.2	3.4	4.3
	Bottom 10 Average	1.6	1.9	2.2	2.4	2.6	2.1	2.9
12. Corporate Aaa Bond Yield	CONSENSUS	2.8	3.2	3.6	4.0	4.2	3.6	4.5
r r	Top 10 Average	3.1	3.6	4.2	4.6	4.9	4.1	5.0
	Bottom 10 Average	2.4	2.8	3.0	3.3	3.6	3.0	3.9
13. Corporate Baa Bond Yield	CONSENSUS	3.9	4.3	4.7	5.0	5.2	4.6	5.4
	Top 10 Average	4.3	4.7	5.2	5.6	5.9	5.1	6.0
	Bottom 10 Average	3.5	3.9	4.1	4.3	4.5	4.1	4.9
14. State & Local Bonds Yield	6	2.8	3.1	3.4	3.6	3.8	3.3	3.9
The State of Local Bonds Thera	Top 10 Average	3.1	3.5	3.8	4.1	4.3	3.8	4.3
	Bottom 10 Average	2.5	2.8	2.9	3.2	3.4	2.9	3.6
15. Home Mortgage Rate	CONSENSUS	3.2	3.5	3.9	4.2	4.5	3.9	4.7
	Top 10 Average	3.5	3.9	4.4	4.9	5.2	4.4	5.2
	Bottom 10 Average	2.9	3.2	3.4	3.6	3.8	3.4	4.2
A. Fed's AFE Nominal \$ Index	CONSENSUS	107.2	107.0	106.5	106.4	106.6	106.7	106.7
	Top 10 Average	109.0	108.9	108.8	108.9	109.5	109.0	110.2
	Bottom 10 Average	105.4	105.2	104.4	103.8	103.7	104.5	103.0
	Dottom to therage			Over-Year, % C				Averages
		2022	2023	2024	2025	2026	2022-2026	2027-2031
B. Real GDP	CONSENSUS	3.2	2.5	2.3	2.2	2.1	2.4	2.1
	Top 10 Average	3.8	3.0	2.6	2.5	2.4	2.9	2.4
	Bottom 10 Average	2.6	2.1	1.9	1.9	1.8	2.1	1.8
C. GDP Chained Price Index	CONSENSUS	1.9	2.0	2.1	2.1	2.1	2.0	2.1
· · · · · · · · · · · · · · · · · · ·	Top 10 Average	2.2	2.3	2.3	2.3	2.3	2.3	2.3
	Bottom 10 Average	1.7	1.8	1.9	1.9	1.9	1.8	1.9
D. Consumer Price Index	CONSENSUS	2.1	2.2	2.2	2.1	2.2	2.1	2.2
	Top 10 Average	2.4	2.4	2.4	2.4	2.4	2.4	2.4
	Bottom 10 Average	1.8	1.9	1.9	1.9	1.9	1.9	1.9
E. PCE Price Index	CONSENSUS	1.9	2.0	2.1	2.1	2.1	2.0	2.1
	Top 10 Average	2.2	2.2	2.2	2.2	2.3	2.2	2.4
	Bottom 10 Average	1.7	1.8	1.9	1.9	1.9	1.8	1.9
	Southern to morage		1.0			1.7	1.0	1.7

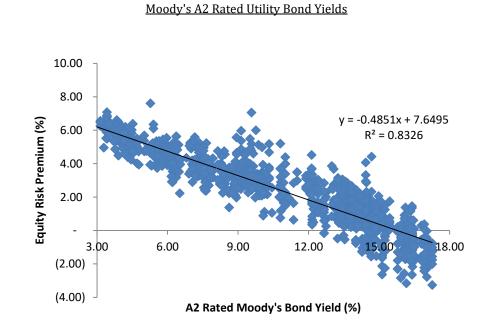
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<u>Tampa Electric Company, Inc.</u> Derivation of Mean Equity Risk Premium Based Studies Using Holding Period Returns and <u>Projected Market Appreciation of the S&P Utility Index</u>

<u>Line No.</u>		Implied Equity Risk Premium
	Equity Risk Premium based on S&P Utility Index Holding Period Returns (1):	
1.	Historical Equity Risk Premium	4.21 %
2.	Regression of Historical Equity Risk Premium (2)	6.83
3.	Forecasted Equity Risk Premium Based on PRPM (3)	5.59
4.	Forecasted Equity Risk Premium based on Projected Total Return on the S&P Utilities Index (Value Line Data) (4)	6.80
5.	Forecasted Equity Risk Premium based on Projected Total Return on the S&P Utilities Index (Bloomberg Data) (5)	4.11
6.	Average Equity Risk Premium (6)	5.51 %
Notos	(1) Passed on S&D Dublic Utility Index monthly total return	as and Moody's Dublic Htility

- Notes: (1) Based on S&P Public Utility Index monthly total returns and Moody's Public Utility Bond average monthly yields from 1928-2019. Holding period returns are calculated based upon income received (dividends and interest) plus the relative change in the market value of a security over a one-year holding period.
 - (2) This equity risk premium is based on a regression of the monthly equity risk premiums of the S&P Utility Index relative to Moody's A2 rated public utility bond yields from 1928 - 2019 referenced in note 1 above.
 - (3) The Predictive Risk Premium Model (PRPM) is applied to the risk premium of the monthly total returns of the S&P Utility Index and the monthly yields on Moody's A2 rated public utility bonds from January 1928 - January 2021.
 - (4) Using data from Value Line for the S&P 500 Utilities Index, an expected return of 10.36% was derived of based upon expected dividend yields and long-term earnings growth estimates as a proxy for market appreciation. Subtracting the expected A2 rated public utility bond yield of 3.56%, calculated on line 3 of page 3 of Document No. 5 results in an equity risk premium of 6.80%. (10.36% - 3.56%)
 - (5) Using data from the Bloomberg Professional Service for the S&P 500 Utilities Index, an expected return of 7.67% was derived of based upon expected dividend yields and long-term earnings growth estimates as a proxy for market appreciation. Subtracting the expected A2 rated public utility bond yield of 3.56%, calculated on line 3 of page 3 of Document No. 5 results in an equity risk premium of 4.11%. (7.67% - 3.56% = 4.11%)
 - (6) Average of lines 1 through 5.

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Tampa Electric Company, Inc. Prediction of Equity Risk Premiums Relative to

		Prospective A2	Prospective
		Rated Utility	Equity Risk
Constant	Slope	Bond (1)	Premium
7.649492 %	-0.48508	3.56 %	5.92 %

Notes:

(1) From line 3 of page 3 of Document No. 5.

Source of Information: Regulatory Research Associates

	[8]	Indicated Common Equity Cost Rate (3)	12.28 % 12.09	11.82 12.00	13.01	13.28	12.00	13.64	14.37 (4)	12.28	12.82	12.28	11.73	12.44 %	12.28 %	12.36 %
	[2]	ECAPM Cost C Rate	12.34 % 12.19	11.95 12.11	12.97	13.20	12.11	13.51	14.14	12.34	12.81	12.34	11.87	12.48 %	12.34 %	12.41 %
g Model (ECAPM)	[9]	Traditional CAPM Cost Rate	12.21 % 12.00	11.69 11.90	13.05	13.36	11.90	13.77	14.61	12.21	12.84	12.21	11.59	12.39 %	12.21 %	12.30 %
ital Asset Pricing	[5]	Risk-Free Rate (2)	2.31 % 2.31	2.31 2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31	2.31			
of the Traditional Capital Asset Pricing Model (CAPM) and Empirical Capital Asset Pricing Model (ECAPM)	[4]	Market Risk Premium (1)	$10.42 \ \% \ 10.42$	10.42 10.42	10.42	10.42	10.42	10.42	10.42	10.42	10.42	10.42	10.42			
Model (CAPM)	[3]	Average Beta	0.95 0.93	0.90 0.92	1.03	1.06	0.92	1.10	1.18	0.95	1.01	0.95	0.89	0.97	0.95	0.96
oital Asset Pricing	[2]	Bloomberg Adjusted Beta	1.05 1.01	0.94 0.98	1.10	1.17	1.04	1.25	1.25	1.05	1.12	1.05	0.98			
Traditional Cap	[1]	Value Line Adjusted Beta	0.85 0.85	0.85 0.85	0.95	0.95	0.80	0.95	1.10	0.85	0.90	0.85	0.80			
of the		Proxy Group of Thirteen Electric Companies	ALLETE, Inc. Alliant Energy Corporation	Ameren Corporation Duke Energy Corporation	Edison International	Entergy Corporation	IDACORP, Inc.	NorthWestern Corporation	OGE Energy Corporation	Otter Tail Corporation	Pinnacle West Capital Corporation	Portland General Electric Company	Xcel Energy, Inc.	Mean	Median	Average of Mean and Median

<u>Tampa Electric Company. Inc.</u> Indicated Common Equity Cost Rate Through Use ditional Capital Asset Pricing Model (CAPM) and Empirical Capital Asset Pricing Moc

Notes on page 2 of Document No. 6.

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Tampa Electric Company, Inc.

Notes to Accompany the Application of the CAPM and ECAPM

Notes:

(1) The market risk premium (MRP) is derived by using six different measures from three sources: Ibbotson, Value Line, and Bloomberg as illustrated below:

Historical Data MRP Estimates:	
Measure 1: Ibbotson Arithmetic Mean MRP (1926-2019)	
Arithmetic Mean Monthly Returns for Large Stocks 1926-2019: Arithmetic Mean Income Returns on Long-Term Government Bonds: MRP based on Ibbotson Historical Data:	12.10 % 5.09 7.01 %
Measure 2: Application of a Regression Analysis to Ibbotson Historical Data (1926-2019)	9.98_%
Measure 3: Application of the PRPM to Ibbotson Historical Data: (January 1926 - January 2021)	10.76 %
Value Line MRP Estimates:	
Measure 4: Value Line Projected MRP (Thirteen weeks ending January 29, 2021)	
Total projected return on the market 3-5 years hence*: Projected Risk-Free Rate (see note 2): MRP based on Value Line Summary & Index: *Forcasted 3-5 year capital appreciation plus expected dividend yield	9.83 % 2.31 7.52 %
Measure 5: Value Line Projected Return on the Market based on the S&P 500	
Total return on the Market based on the S&P 500: Projected Risk-Free Rate (see note 2): MRP based on Value Line data	14.10 % 2.31 11.79 %
Measure 6: Bloomberg Projected MRP	
Total return on the Market based on the S&P 500: Projected Risk-Free Rate (see note 2): MRP based on Bloomberg data	17.78 % 2.31 15.47 %
Average of Value Line, Ibbotson, and Bloomberg MRP:	10.42 %
2) For reasons explained in the direct testimony, the appropriate risk-free rate for cost of capital purposes is the avera	age forecast of

(2) For reasons explained in the direct testimony, the appropriate risk-free rate for cost of capital purposes is the average forecast of 30 year Treasury Bonds per the consensus of nearly 50 economists reported in Blue Chip Financial Forecasts. (See pages 10 and 11 of Document No. 5) The projection of the risk-free rate is illustrated below:

First Quarter 2021	1.80 %
Second Quarter 2021	1.90
Third Quarter 2021	2.00
Fourth Quarter 2021	2.10
First Quarter 2022	2.10
Second Quarter 2022	2.20
2022-2026	2.80
2027-2031	3.60
	2.31 %

(3) Average of column 6 and column 7.

(4) OGE Energy Corporation's results were excluded from the final average and median as they were more than two standard deviations above the proxy group mean.

Sources of Information:

Value Line Summary and Index Blue Chip Financial Forecasts, December 1, 2020 and February 3, 2021 Stocks, Bonds, Bills, and Inflation - 2020 SBBI Yearbook, John Wiley & Sons, Inc. Bloomberg Professional Services

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<u>Tampa Electric Company, Inc.</u> Basis of Selection of the Group of Non-Price Regulated Companies <u>Comparable in Total Risk to the Utility Proxy Group</u>

The criteria for selection of the Non-Price Regulated Proxy Group was that the nonprice regulated companies be domestic and reported in <u>Value Line Investment Survey</u> (Standard Edition).

The Non-Price Regulated Proxy Group was then selected based on the unadjusted beta range of 0.65 – 0.93 and residual standard error of the regression range of 2.4869 – 2.9661 of the Utility Proxy Group.

These ranges are based upon plus or minus two standard deviations of the unadjusted beta and standard error of the regression. Plus or minus two standard deviations captures 95.50% of the distribution of unadjusted betas and residual standard errors of the regression.

The standard deviation of the Utility Proxy Group's residual standard error of the regression is 0.1198. The standard deviation of the standard error of the regression is calculated as follows:

Standard Deviation of the Std. Err. of the Regr. = <u>Standard Error of the Regression</u> $\sqrt{2N}$

where: N = number of observations. Since Value Line betas are derived from weekly price change observations over a period of five years, N = 259

Thus, 0.1198 = $\frac{2.7265}{\sqrt{518}}$ = $\frac{2.7265}{22.7596}$

Source of Information: Value Line, Inc., January 2021 Value Line Investment Survey (Standard Edition)

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Tampa Electric Company, Inc. Basis of Selection of Comparable Risk Domestic Non-Price Regulated Companies

	[1]	[2]	[3]	[4]
	17 1 1 .		Residual	
Duran Curan of Thinton Flashing	Value Line	IIdimete d	Standard	Standard
Proxy Group of Thirteen Electric	Adjusted Beta	Unadjusted Beta	Error of the	Deviation of Beta
Companies	Dela	Dela	Regression	01 Deta
ALLETE, Inc.	0.85	0.75	2.7231	0.0685
Alliant Energy Corporation	0.85	0.73	2.7326	0.0687
Ameren Corporation	0.85	0.70	2.6062	0.0655
Duke Energy Corporation	0.85	0.77	2.8284	0.0711
Edison International	0.95	0.88	3.2843	0.0826
Entergy Corporation	0.95	0.89	2.6240	0.0660
IDACORP, Inc.	0.80	0.68	2.5421	0.0639
NorthWestern Corporation	0.95	0.85	2.7335	0.0687
OGE Energy Corporation	1.10	1.08	2.6719	0.0672
Otter Tail Corporation	0.85	0.76	2.4857	0.0625
Pinnacle West Capital Corporation	0.90	0.80	2.7203	0.0684
Portland General Electric Company	0.85	0.75	2.8187	0.0709
Xcel Energy, Inc.	0.80	0.66	2.6743	0.0672
Average	0.89	0.79	2.7265	0.0686
Beta Range (+/- 2 std. Devs. of Beta) 2 std. Devs. of Beta	0.65 0.14	0.93		
Residual Std. Err. Range (+/- 2 std. Devs. of the Residual Std. Err.)	2.4869	2.9661		
Std. dev. of the Res. Std. Err.	0.1198			
2 std. devs. of the Res. Std. Err.	0.2396			

Source of Information: Value Line Proprietary Database, January 2021

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Tampa Electric Company, Inc. Proxy Group of Non-Price Regulated Companies Comparable in Total Risk to the Proxy Group of Thirteen Electric Companies

	[1]	[2]	[3]	[4]
Proxy Group of Forty-Eight Non-Price Regulated Companies	VL Adjusted Beta	Unadjusted Beta	Residual Standard Error of the Regression	Standard Deviation of Beta
Abbot Laboratories	0.95	0.91	2.7460	0.0690
Analog Devices	0.95	0.86	2.6778	0.0673
Assurant Inc.	0.95	0.85	2.9139	0.0733
ANSYS, Inc.	0.85	0.76	2.8279	0.0711
Smith (A.O.)	0.90	0.83	2.7524	0.0692
Becton, Dickinson	0.80	0.67	2.8794	0.0724
Brown-Forman 'B'	0.85	0.76	2.6920	0.0677
Broadridge Fin'l	0.85	0.70	2.7392	0.0689
Cerner Corp.	0.95	0.87	2.7913	0.0702
Chemed Corp.	0.85	0.75	2.5303	0.0636
Cooper Cos.	0.95	0.92	2.7038	0.0680
Cisco Systems, Inc.	0.95	0.92	2.4987	0.0628
CSW Industrials	0.85	0.76	2.7444	0.0690
Quest Diagnostics	0.90	0.80	2.6677	0.0671
Dolby Labs.	0.95	0.87	2.6659	0.0670
Estee Lauder	0.90	0.83	2.7514	0.0692
Exponent, Inc.	0.85	0.76	2.9154	0.0733
Gentex Corporation	0.95	0.91	2.7484	0.0691
Alphabet Inc.	0.85	0.75	2.5514	0.0641
Hershey Co.	0.85	0.72	2.7087	0.0681
Ingredion Inc.	0.90	0.72	2.9266	0.0736
Hunt (J.B.)	0.95	0.88	2.8114	0.0707
J & J Snack Foods Corp.	0.90	0.82	2.8400	0.0707
Jack Henry & Associates, Inc.	0.85	0.70	2.7540	0.0692
McCormick and Co.	0.85	0.70	2.7595	0.0694
Altria Group	0.90	0.79	2.8916	0.0727
MSCI Inc.	0.95	0.86	2.9256	0.0735
Motorola Solutions, Inc.	0.90	0.82	2.8041	0.0705
Maxim Integrated	0.95	0.85	2.9413	0.0739
NewMarket Corp.	0.80	0.66	2.5362	0.0638
Northrop Grumman	0.85	0.71	2.8969	0.0728
Omnicom Group Inc.	1.00	0.93	2.5166	0.0633
PerkinElmer, Inc.	0.95	0.92	2.6809	0.0674
Pool Corp.	0.90	0.82	2.9389	0.0739
Rollins, Inc.	0.85	0.76	2.8807	0.0724
Starbucks Corporation	0.95	0.92	2.6496	0.0666
The Sherwin-Williams Company	0.95	0.91	2.5559	0.0643
Selective Ins. Group	0.85	0.74	2.9102	0.0732
Synopsys, Inc.	0.95	0.92	2.5128	0.0632
Sensient Technologies Corporation	0.90	0.82	2.5687	0.0646
Tetra Tech	0.90	0.83	2.9490	0.0741
Texas Instruments	0.85	0.76	2.5625	0.0644
AMERCO	0.95	0.87	2.6739	0.0672
UniFirst Corporation	0.95	0.92	2.4960	0.0628
Verisign	0.95	0.85	2.6197	0.0659
Waters Corp.	0.95	0.87	2.7355	0.0688
Watsco, Inc.	0.85	0.76	2.6256	0.0660
Western Union	0.80	0.68	2.7006	0.0679
Average	0.90	0.81	2.7300	0.0700
»	0.50	0.01	2.7500	3.0700
Proxy Group of Thirteen Electric				
Companies	0.89	0.79	2.7265	0.0686

Source of Information:

Value Line Proprietary Database, January 2021

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Tampa Electric Company, Inc. Summary of Cost of Equity Models Applied to Proxy Group of Forty-Eight Non-Price Regulated Companies Comparable in Total Risk to the <u>Proxy Group of Thirteen Electric Companies</u>

Principal Methods	Proxy Group of Forty-Eight Non- Price Regulated Companies
Discounted Cash Flow Model (DCF) (1)	11.52 %
Risk Premium Model (RPM) (2)	12.67 %
Capital Asset Pricing Model (CAPM) (3)	12.00 %
Mean	12.06 %
Median	<u> 12.00 </u> %
Average of Mean and Median	12.03 %

Notes:

- (1) From page 2 of Document No. 8.
- (2) From page 3 of Document No. 8.
- (3) From page 6 of Document No. 8.

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<u>Tampa Electric Company, Inc.</u> DCF Results for the Proxy Group of Non-Price-Regulated Companies Comparable in Total Risk to the Proxy Group of Thirteen Electric Companies

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
Proxy Group of Forty-Eight Non- Price Regulated Companies	Average Dividend Yield	Value Line Projected Five Year Growth in EPS	Zack's Five Year Projected Growth Rate in EPS	Bloomberg's Five Year Projected Growth Rate in EPS	Yahoo! Finance Projected Five Year Growth in EPS	Average Projected Five Year Growth Rate in EPS	Adjusted Dividend Yield	Indicated Common Equity Cost Rate (1)
Abbot Laboratories	1.63 %	12.00 %	12.30 %	15.11 %	16.34 %	13.94 %	1.74 %	15.68 %
Analog Devices	1.03 /0	8.50	12.30	8.80	11.47	10.27	1.81	12.08
Assurant Inc.	1.97	6.50	NA	NA	19.40	12.95	2.10	15.05
ANSYS, Inc.	-	10.00	NA	13.60	6.39	10.00		NA
Smith (A.O.)	1.86	5.00	9.00	10.00	8.00	8.00	1.93	9.93
Becton, Dickinson	1.35	9.00	9.00	11.79	9.50	9.82	1.42	11.24
Brown-Forman 'B'	0.93	12.00	NA	5.57	8.81	8.79	0.97	9.76
Broadridge Fin'l	1.54	10.50	NA	7.40	10.00	9.30	1.61	10.91
Cerner Corp.	1.15	9.00	11.80	10.04	10.03	10.22	1.21	11.43
Chemed Corp.	0.27	12.50	10.10	10.19	10.10	10.72	0.28	11.00
Cooper Cos.	0.02	14.50	11.00	10.83	10.00	11.58	0.02	11.60
Cisco Systems, Inc.	3.32	7.00	6.30	6.57	7.50	6.84	3.43	10.27
CSW Industrials	0.48	8.50	NA	5.00	12.00	8.50	0.50	9.00
Quest Diagnostics	1.81	11.00	26.50	17.71	9.72	16.23	1.96	18.19
Dolby Labs.	0.97	10.50	13.00	NA	16.00	13.17	1.03	14.20
Estee Lauder	0.85	12.00	13.00	15.85	17.10	14.49	0.91	15.40
Exponent, Inc.	0.88	11.00	NA	15.00	15.00	13.67	0.94	14.61
Gentex Corporation	1.43	9.50	2.60	5.86	15.00	8.24	1.49	9.73
Alphabet Inc.	-	14.50	16.90	17.88	16.81	16.52	-	NA
Hershey Co.	2.15	5.00	7.70	7.07	7.78	6.89	2.22	9.11
Ingredion Inc.	3.28	6.00	NA 15.00	8.60 17.23	1.90 20.73	5.50	3.37 0.87	8.87 15.74
Hunt (J.B.)	0.81	6.50 10.00		17.23 NA		14.87		9.56
J & J Snack Foods Corp. Jack Henry & Associates, Inc.	1.50 1.09	10.00	NA 10.70	9.00	6.00 10.80	8.00 10.25	1.56 1.15	9.56
McCormick and Co.	1.46	6.50	6.50	9.00	4.80	7.22	1.15	8.73
Altria Group	8.37	6.50	4.00	3.70	4.12	4.58	8.56	13.14
MSCI Inc.	0.75	17.00	4.00 NA	11.35	13.20	13.85	0.80	14.65
Motorola Solutions, Inc.	1.67	8.00	9.00	11.55	5.88	8.50	1.74	10.24
Maxim Integrated	-	7.00	10.00	11.30	18.44	11.69	-	NA
NewMarket Corp.	1.93	2.00	NA	NA	7.70	4.85	1.98	6.83
Northrop Grumman	1.92	10.50	NA	4.61	6.04	7.05	1.99	9.04
Omnicom Group Inc.	4.22	5.50	4.70	2.19	3.20	3.90	4.30	8.20
PerkinElmer, Inc.	0.20	17.50	19.50	11.07	17.20	16.32	0.22	16.54
Pool Corp.	0.65	17.50	NA	17.00	17.00	17.17	0.71	17.88
Rollins, Inc.	0.83	12.00	NA	NA	8.20	10.10	0.87	10.97
Starbucks Corporation	1.79	13.50	13.60	18.24	50.81	24.04	2.01	26.05 (2)
The Sherwin-Williams Company	0.74	10.00	10.30	9.07	10.01	9.84	0.78	10.62
Selective Ins. Group	1.54	6.50	NA	37.89	1.88	15.42	1.66	17.08
Synopsys, Inc.	-	12.50	11.50	13.38	11.50	12.22	-	NA
Sensient Technologies Corporation	2.13	2.50	NA	7.55	3.80	4.62	2.18	6.80
Tetra Tech	0.56	11.00	15.00	13.65	15.00	13.66	0.60	14.26
Texas Instruments	2.51	4.00	9.30	10.03	10.00	8.33	2.61	10.94
AMERCO	0.50	1.50 3.00	NA	NA 10.00	15.00	8.25 7.67	0.52	NA 8.19
UniFirst Corporation Verisign	0.50	9.50	NA NA	10.00 NA	10.00 8.00	8.75	0.52	8.19 NA
Waters Corp.	-	6.00	5.10	5.32	4.90	5.33	-	NA
Waters corp. Watsco, Inc.	3.05	8.00	NA NA	5.52 NA	15.00	11.50	3.23	14.73
Western Union	4.09	6.00	NA	11.90	8.88	8.93	4.27	13.20
western omon	1.0 5	0.00	1411	11.90	0.00	0.55		
							Mean	11.92 %
							Median	11.12 %
						Average of Mean	and Median	11.52 %

NA= Not Available NMF= Not Meaningful Figure

(1) The application of the DCF model to the domestic, non-price regluated comparable risk companies is identical to the application of the DCF to the Utility Proxy Group. The dividend yield is derived by using the 60 day average price and the spot indicated dividend as of January 8, 2021. The dividend yield is then adjusted by 1/2 the average projected growth rate in EPS, which is calculated by averaging the 5 year projected growth in EPS provided by Value Line, www.zacks.com, Bloomberg Professional Services, and www.yahoo.com (excluding any negative growth rates) and then adding that growth rate to the adjusted dividend yield.

(2) SBUX'S DCF results were excluded from the final average and median as they were more than 2 standard deviations above the proxy group's mean.

Sources of Information:

Value Line Investment Survey www.zacks.com Downloaded on 01/29/2021 www.yahoo.com Downloaded on 01/29/2021 Bloomberg Professional Services

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Tampa Electric Company, Inc. Indicated Common Equity Cost Rate Through Use of a Risk Premium Model Using an Adjusted Total Market Approach

Line No.		Proxy Group of Forty- Eight Non-Price <u>Regulated Companies</u>
1.	Prospective Yield on Baa2 Rated Corporate Bonds (1)	4.04 %
2.	Adjustment to Reflect Proxy Group Bond Rating (2)	(0.15)
3.	Prospective Bond Rating	3.89
4.	Equity Risk Premium (3)	8.78
5	Risk Premium Derived Common Equity Cost Rate	<u> 12.67 </u> %

Notes: (1) Average forecast of Baa2 corporate bonds based upon the consensus of nearly 50 economists reported in Blue Chip Financial Forecasts dated December 1, 2020 and February 3, 2021 (see pages 10 and 11 of Document No. 5). The estimates are detailed below.

First Quarter 2021	3.40	%
Second Quarter 2021	3.60	
Third Quarter 2021	3.70	
Fourth Quarter 2021	3.80	
First Quarter 2022	3.90	
Second Quarter 2022	3.90	
2022-2026	4.60	
2027-2031	5.40	
		-
Average	4.04	%

(2) To reflect the Baa1 average rating of the non-utility proxy group, the prosepctive yield on Baa corporate bonds must be adjusted downward by 1/3 of the spread between A2 and Baa2 corporate bond yields as shown below:

A2 Corp.		Baa2 Corp.		
Bond Yield		Bond Yield		Spread
2.84	%	3.25	%	0.41 %
2.72		3.16		0.44
2.79		3.30		0.51
Avera	age y		0.45 %	
		0.15 %		
	Bond Yield 2.84 2.72 2.79	Bond Yield 2.84 % 2.72 2.79 Average y	Bond Yield Bond Yield 2.84 % 3.25 2.72 3.16	Bond Yield Bond Yield 2.84 % 3.25 % 2.72 3.16

(3) From page 5 of Document No. 8.

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<u>Tampa Electric Company, Inc</u>. Comparison of Long-Term Issuer Ratings for the Proxy Group of Forty-Eight Non-Price Regulated Companies of Comparable risk to the <u>Proxy Group of Thirteen Electric Companie</u>s

	Mood Long-Term Is January	suer Rating	Standard & Poor's Long-Term Issuer Rating January 2021				
Proxy Group of Forty-Eight Non- Price Regulated Companies	Long-Term Issuer Rating	Numerical Weighting (1)	Long-Term Issuer Rating	Numerical Weighting (1)			
Abbot Laboratories	A3	7.0	А	6.0			
Analog Devices	Baa1	8.0	BBB	9.0			
Assurant Inc.	Baa3	10.0	BBB	9.0			
ANSYS, Inc.	NA		NA				
Smith (A.O.)	NA		NA				
Becton, Dickinson	Baa3	10.0	BBB	9.0			
Brown-Forman 'B'	A1	5.0	A-	7.0			
Broadridge Fin'l	Baa1	8.0	BBB+	8.0			
Cerner Corp.	NA		NA				
Chemed Corp.	WR		NR				
Cooper Cos.	WR		NR				
Cisco Systems, Inc.	A1	5.0	AA-	4.0			
CSW Industrials	NA		NA				
Quest Diagnostics	Baa2	9.0	BBB+	8.0			
Dolby Labs.	NA		NA				
Estee Lauder	A1	5.0	A+	5.0			
Exponent, Inc.	NA		NA				
Gentex Corporation	NA		NA				
Alphabet Inc.	Aa2	3.0	AA+	2.0			
Hershey Co.	A1	5.0	А	6.0			
Ingredion Inc.	Baa1	8.0	BBB	9.0			
Hunt (J.B.)	Baa1	8.0	BBB+	8.0			
J & J Snack Foods Corp.	NA		NA				
Jack Henry & Associates, Inc.	NA		NA				
McCormick and Co.	Baa2	9.0	BBB	9.0			
Altria Group	A3	7.0	BBB	9.0			
MSCI Inc.	Ba2	12.0	BB+	11.0			
Motorola Solutions, Inc.	Baa3	10.0	BBB-	10.0			
Maxim Integrated	Baa1	8.0	BBB+	8.0			
NewMarket Corp.	Baa2	9.0	BBB+	8.0			
Northrop Grumman	Baa2	9.0	BBB	9.0			
Omnicom Group Inc.	Baa1	8.0	BBB+	8.0			
PerkinElmer, Inc.	Baa3	10.0	BBB	9.0			
Pool Corp.	NA		NA				
Rollins, Inc.	NA		NA				
Starbucks Corporation	Baa1	8.0	BBB+	8.0			
The Sherwin-Williams Company	Baa2	9.0	BBB-	10.0			
Selective Ins. Group	Baa2	9.0	BBB	9.0			
Synopsys, Inc.	NA		NA				
Sensient Technologies Corporation	WR		NR				
Tetra Tech	NA		NA				
Texas Instruments	A1	5.0	A+	5.0			
AMERCO	WR		NR				
UniFirst Corporation	NA		NA				
Verisign	Ba1	11.0	BBB-	10.0			
Waters Corp.	NA		NA				
Watsco, Inc.	NA		NA				
Western Union	Baa2	9.0	BBB	9.0			
Average	Baa1	8.0	BBB+	7.9			

Notes:

(1) From page 6 of Document No. 5

Source of Information:

Bloomberg Professional Services

DOCKET NO. 20210034-EI EXHIBIT NO. DWD-1 WITNESS: D'ASCENDIS DOCUMENT NO. 8 PAGE 5 OF 6 FILED: 04/09/2021

<u>Tampa Electric Company, Inc.</u> Derivation of Equity Risk Premium Based on the Total Market Approach Using the Beta for Proxy Group of Forty-Eight Non-Price Regulated Companies of Comparable risk to the <u>Proxy Group of Thirteen Electric Companies</u>

<u>Line No.</u>	Equity Risk Premium Measure	Proxy Group o Forty-Eight No: Price Regulate Companies	n-
<u>Ibb</u>	otson-Based Equity Risk Premiums:		
1.	Ibbotson Equity Risk Premium (1)	5.78	%
2.	Regression on Ibbotson Risk Premium Data (2)	9.30	
3.	Ibbotson Equity Risk Premium based on PRPM (3)	9.65	
4.	Equity Risk Premium Based on <u>Value Line</u> Summary and Index (4)	6.77	
5	Equity Risk Premium Based on <u>Value Line</u> S&P 500 Companies (5)	11.04	
6.	Equity Risk Premium Based on Bloomberg S&P 500 Companies (6)	14.72	_
7.	Conclusion of Equity Risk Premium	9.54	%
8.	Adjusted Beta (7)	0.92	_
9.	Forecasted Equity Risk Premium	8.78	_%
Notes: (1) (2) (3) (4) (5) (6)	From note 1 of page 9 of Document No. 5. From note 2 of page 9 of Document No. 5. From note 3 of page 9 of Document No. 5. From note 4 of page 9 of Document No. 5. From note 5 of page 9 of Document No. 5. From note 6 of page 9 of Document No. 5.		

(7) Average of mean and median beta from page 6 of Document No. 8.

Sources of Information:

Stocks, Bonds, Bills, and Inflation - 2020 SBBI Yearbook, John Wiley & Sons, Inc. Value Line Summary and Index Blue Chip Financial Forecasts, December 1, 2020 and February 3, 2021 Bloomberg Professional Services

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Tampa Electric Company, Inc. Traditional CAPM and ECAPM Results for the Proxy Group of Non-Price-Regulated Companies Comparable in Total Risk to the Proxy Group of Thirteen Electric Companies

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
Proxy Group of Forty-Eight Non- Price Regulated Companies	Value Line Adjusted Beta	Bloomberg Beta	Average Beta	Market Risk Premium (1)	Risk-Free Rate (2)	Traditional CAPM Cost Rate	ECAPM Cost Rate	Indicated Common Equity Cost Rate (3)
Abbot Laboratories	0.95	0.90	0.92	10.42 %	2.31 %	11.90 %	12.11 %	12.00 %
Analog Devices	0.95	1.06	1.01	10.42	2.31	12.84	12.81	12.82
Assurant Inc.	0.90	1.01	0.95	10.42	2.31	12.21	12.34	12.28
ANSYS, Inc.	0.90	0.93	0.92	10.42	2.31	11.90	12.11	12.00
Smith (A.O.)	0.90	1.01	0.96	10.42	2.31	12.32	12.42	12.37
Becton, Dickinson	0.80	0.62	0.71	10.42	2.31	9.71	10.47	10.09 (4)
Brown-Forman 'B'	0.85	0.97	0.91	10.42	2.31	11.79	12.03	11.91
Broadridge Fin'l	0.85	0.83	0.84	10.42	2.31	11.07	11.48	11.27
Cerner Corp.	0.95	0.91	0.93	10.42	2.31	12.00	12.19	12.09
Chemed Corp.	0.85	0.90	0.88	10.42	2.31	11.48	11.79	11.64
Cooper Cos.	0.95	0.93	0.94	10.42	2.31	12.11	12.26	12.19
Cisco Systems, Inc.	0.95	0.84	0.90	10.42	2.31	11.69	11.95	11.82
CSW Industrials	0.85	1.02	0.94	10.42	2.31	12.11	12.26	12.19
Quest Diagnostics	0.90	0.99	0.95	10.42	2.31	12.21	12.34	12.28
Dolby Labs.	0.95	0.95	0.95	10.42	2.31	12.21	12.34	12.28
Estee Lauder	0.90	0.97	0.94	10.42	2.31	12.11	12.26	12.19
Exponent, Inc.	0.85	0.91	0.88	10.42	2.31	11.48	11.79	11.64
Gentex Corporation	0.95	1.05	1.00	10.42	2.31	12.73	12.73	12.73
Alphabet Inc.	0.90	0.88	0.89	10.42	2.31	11.59	11.87	11.73
Hershey Co.	0.85	0.83	0.84	10.42	2.31	11.07	11.48	11.27
Ingredion Inc.	0.90	0.92	0.91	10.42	2.31	11.79	12.03	11.91
Hunt (J.B.)	0.95	0.91	0.93	10.42	2.31	12.00	12.19	12.09
J & J Snack Foods Corp.	0.90	0.78	0.84	10.42	2.31	11.07	11.48	11.27
Jack Henry & Associates, Inc.	0.85	0.90	0.87	10.42	2.31	11.38	11.72	11.55
McCormick and Co.	0.85	0.69	0.77	10.42	2.31	10.34	10.93	10.64
Altria Group	0.90	0.87	0.89	10.42	2.31	11.59	11.87 12.19 12.11 12.58 10.23	11.73
MSCI Inc.	0.95	0.92	0.93	10.42	2.31	12.00		12.09
Motorola Solutions, Inc.	0.90	0.94	0.92	10.42	2.31	11.90		12.00
Maxim Integrated	0.95	1.01	0.98	10.42	2.31	12.52 9.40		12.55
New Market Corp.	0.80 0.85	0.55 0.78	0.68 0.82	10.42 10.42	2.31 2.31	9.40 10.86		9.81 (4)
Northrop Grumman Omnicom Group Inc.	1.00	1.03	1.02	10.42	2.31	10.86	11.33 12.89	11.09 12.92
PerkinElmer, Inc.	0.95	0.85	0.90	10.42	2.31			11.82
Pool Corp.	0.90	0.94	0.90	10.42	2.31	11.69 11.90	11.95 12.11 10.86	12.00
Rollins, Inc.	0.90	0.67	0.92	10.42	2.31	10.23		10.54
Starbucks Corporation	0.95	1.07	1.01	10.42	2.31	12.84	12.81	12.82
The Sherwin-Williams Company	0.95	1.02	0.98	10.42	2.31	12.52	12.51	12.55
Selective Ins. Group	0.85	0.97	0.91	10.42	2.31	11.79	12.03	11.91
Synopsys, Inc.	1.00	1.00	1.00	10.42	2.31	12.73	12.03	12.73
Sensient Technologies Corporation	0.90	0.95	0.92	10.42	2.31	11.90	12.11	12.00
Tetra Tech	0.90	1.02	0.96	10.42	2.31	12.32	12.42	12.37
Texas Instruments	0.85	0.91	0.88	10.42	2.31	11.48	11.79	11.64
AMERCO	0.95	1.09	1.02	10.42	2.31	12.94	12.89	12.92
UniFirst Corporation	0.95	1.11	1.03	10.42	2.31	13.05	12.97	13.01
Verisign	0.95	0.81	0.88	10.42	2.31	11.48	11.79	11.64
Waters Corp.	0.95	0.84	0.90	10.42	2.31	11.69	11.95	11.82
Watsco, Inc.	0.85	0.80	0.82	10.42	2.31	10.86	11.33	11.09
Western Union	0.85	1.05	0.95	10.42	2.31	12.21	12.34	12.28
Mean			0.92			11.89 %	12.10 %	11.99 %
Median			0.92			11.90 %	12.11 %	12.00 %
Average of Mean and Median			0.92			11.90 %		12.00 %
Aver age of mean and median			0.72			11.70 %	12.11 %	12.00 %

Notes:

otes:
(1) From note 1 of page 2 of Document No. 6.
(2) From note 2 of page 2 of Document No. 6.
(3) Average of CAPM and ECAPM cost rates.
(4) NEU's CAPM results were excluded from the final average and median as they were more than 2 standard deviations below the proxy group's mean.

Tampa Electric Company. Inc. Derivation of the Flotation Cost Adjustment to the Cost of Common Equity.

	[Column 10]	Flotation Cost Percentage (6)	$\begin{array}{c} 1.322\% \\ 4.220\% \\ 1.986\% \end{array}$	3.247%					
	[Column 9]	Net Proceeds (5)	\$ 156,700,000 719,613,456 330,758,280	\$ 1,207,071,736					
	[Column 8]	Gross Equity Issue before Costs (4)	<pre>\$ 158,800,000 751,318,820 337,460,370</pre>	\$ 1,247,579,190					
	[Column 7]	Total Flotation Costs (3)	<pre>\$ 2,100,000 31,705,364 6,702,090</pre>	\$ 40,507,454					
	[Column 6]	Net Proceeds per Share (2)	\$ 56.307 45.955 43.381	-				%	
rovided)	[Column 5]	Total Offering Expense per Share (1)	\$ 0.755 0.029 0.059			[Column 16]	Flotation Cost Adjustment (11)	0.13 %	
Equity Issuances (Company Provided)	[Column 4]	Underwriting Discount (1)	NA 1.916 1.810			[Column 15]	DCF Cost Rate Adjusted for Flotation (10)	6 <u>9.17</u> %	
Equity Is	[Column 3]	Average Offering Price per Share (1)	NA 47.900 45.250		stment	[Column 14]	Average DCF Cost Rate Unadjusted for Flotation (9)	6 <u>9.04</u> %	
	[Column 2]	Market Price per Share (1)	NA 47.980 44.260		Flotation Cost Adjustment	[Column 13]	Adjusted Dividend Yield (8)	6 3.88 %	
	[Column 1]	Shares Issued (1)	2,782,982 15,659,000 7,624,500			[Column 12]	Average Projected EPS Growth Rate (7)	% 5.16 %	al filings.
		Issuing Company	Emera Incorporated Emera Incorporated Emera Incorporated	Total Public Issuances		[Column 11]	Average Dividend Yield (7)	3.78 %	 From Company prospectuses or annual filings. Col. 3 - Col. 4 - Col. 5. Col. 2 - Col. 6) x Col. 1. Col. 1 x Col. 2 Col. 1 x Col. 6 Col. 1 x Col. 6 Col. 1 x Col. 8 Col. 1 x Col. 1 From Document No. 4. From Document No. 4. Col. 11 x (1 - Col. 12). Col. 12 + Col. 13 / (1 - Col. 13). Col. 13 / (1 - Col. 14).
		Date	At-The-Market 7/11/2019 12/18/2017 12/8/2016					Proxy Group of Thirteen Electric Companies	Notes:

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$ \begin{array}{c c c c c c c c c c c c c c c c c c c $		Ibbotson Associates' Size Premia for the Decile Portfolios of the NYSE/AMEX/NASDAQ	<u>Decile Portfolios o</u>	f the NYSE/AMEX/NAS	<u>DAQ</u>	
$\label{eq:constraints} \begin{array}{ c c c c c c } \hline Aplicable Decile of the initial of the i$		[1]		[2]	[3]	[4]
$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$		Market Capitalization 2021 (1 (millions)	t on January 29, () (times larger)	Applicable Decile of the NYSE/AMEX/ NASDAQ (2)	Applicable Size Premium (3)	Spread from Applicable Size Premium (4)
	ctric Company, Inc.			3	0.73%	
$\label{eq:alpha} \begin{bmatrix} [A] & [B] & [C] & [D] \\ \\ \hline A \\ \hline$	up of Thirteen Electric Com	\$			0.50%	0.23%
$\label{eq:period} \begin{tabular}{ c c c c c c c c c c c c c c c c c c c$			[A]	[B]	[c]	[0]
$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$				Market	Market	Size Premium
Largest 1 \$ 31,090.379 \$ 1,061,355.011 2 13,142.606 30,542.936 3 6,618.604 13,100.225 4 4,312.546 6,614.962 5 2,688.889 4,311.252 6 1,669.856 2,683.865 7 993.855 1,668.282 8 515.601 993.847 9 230.024 515.603 9 230.024 515.603 9 230.024 515.603 9 230.024 515.603 9 230.024 515.603 9 230.024 515.603 7 93.847 93.847 9 230.024 515.603 7 933.825 1,968.282 8 515.603 515.603 9 230.024 515.603 7 93.847 93.847 8 515.603 529.748 8 1.973 229.748 8 1.973 229.748 9 1.073 229.748 </td <td></td> <td>Ι</td> <td>Decile</td> <td>Capitalization of Smallest Company (millions)</td> <td>Capitalization of Largest Company (millions)</td> <td>(Keturn in Excess of CAPM)*</td>		Ι	Decile	Capitalization of Smallest Company (millions)	Capitalization of Largest Company (millions)	(Keturn in Excess of CAPM)*
2 13,142.606 30,542.936 3 6,618.604 13,100.225 4 4,312.546 6,614.962 5 2,688.889 4,311.252 6 1,669.856 2,685.865 7 993.855 1,668.282 8 515.621 993.847 9 230.024 515.603 8 515.613 993.847 9 230.024 515.603 9 230.024 515.603 9 230.024 515.603 9 230.024 515.603 7 9 229.748 *From 2020 Duff & Phelps Cost of Capital Navigator *From 2020 Duff & Phelps Cost of Capital Navigator		Largest	1		\$ 1,061,355.011	-0.28%
$\begin{array}{cccccccccccccccccccccccccccccccccccc$		1	2	13,142.606	30,542.936	0.50%
4 4,312.546 6,614.962 5 2,688.889 4,311.252 6 1,669.856 2,685.865 7 993.855 1,668.282 8 515.621 993.847 9 230.024 515.603 9 230.024 515.603 9 230.024 515.603 9 230.024 515.603 10 1.973 229.748 *From 2020 Duff & Phelps Cost of Capital Navigator * 10 n the bottom of this page. The appropriate decile (Column [A]) corresponds to the market capitalization			3	6,618.604	13,100.225	0.73%
5 2,688.889 4,311.252 6 1,669.856 2,685.865 7 993.855 1,668.282 8 515.621 993.847 9 230.024 515.603 8 1.973 229.748 8 1.973 229.748 9 1.973 229.748 10 1.973 229.748 10 1.973 229.748 *From 2020 Duff & Phelps Cost of Capital Navigator * 10 n the bottom of this page. The appropriate decile (Column [A]) corresponds to the market capitalization			4	4,312.546	6,614.962	0.79%
6 1,669.856 2,685.865 7 993.855 1,668.282 8 515.621 993.847 9 230.024 515.603 10 1.973 229.748 *From 2020 Duff & Phelps Cost of Capital Navigator * 10 1.973 229.748 10 1.973 229.748 10 1.973 229.748 10 1.973 229.748 10 1.973 229.748 11 0.01 ft & Phelps Cost of Capital Navigator 10 nthe bottom of this page. The appropriate decile (Column [A]) corresponds to the market capitalization			5	2,688.889	4,311.252	1.10%
7 993.855 1,668.282 8 515.621 993.847 9 230.024 515.603 Smallest 10 1.973 229.748 *From 2020 Duff & Phelps Cost of Capital Navigator 1 on the bottom of this page. The appropriate decile (Column [A]) corresponds to the market capitalization			9	1,669.856	2,685.865	1.34%
8 515.621 993.847 9 230.024 515.603 Smallest 10 1.973 229.748 *From 2020 Duff & Phelps Cost of Capital Navigator			7	993.855	1,668.282	1.47%
9 230.024 515.603 Smallest 10 1.973 229.748 *From 2020 Duff & Phelps Cost of Capital Navigator			8	515.621	993.847	1.59%
Smallest 10 1.973 229.748 *From 2020 Duff & Phelps Cost of Capital Navigator on the bottom of this page. The appropriate decile (Column [A]) corresponds to the market capitalization			6	230.024	515.603	2.22%
*From 2020 Duff & Phelps Cost of Capital Navigator on the bottom of this page. The appropriate decile (Column [A]) corresponds to the market capitalization		Smallest		1.973	229.748	
l on the bottom of this page. The appropriate decile (Column [A]) corresponds to the market capitalization			*	From 2020 Duff & Phe	ps Cost of Capital Navi	igator
on the bottom of this page. The appropriate decile (Column [A]) corresponds to the market capitalization) of Dommont No. 10					
	om Columns [B] and [C] on	the bottom of this page. The appropriate	e decile (Column [A]) corresponds to the m	arket capitalization	•

Tampa Electric Company, Inc.

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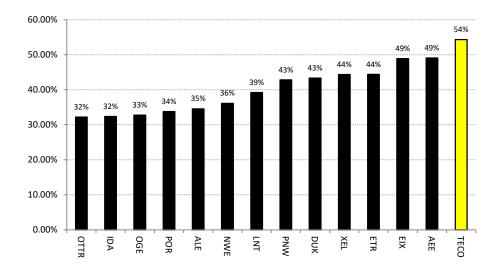
- u1 une proxy group, which is found in Column [1].
 (3) Corresponding risk premium to the decile is provided in Column [D] on the bottom of this page.
 (4) Line No. 1, Column [3] Line No. 2, Column [3]. For example, the 0.23% in Line No. 2, Column [4] is derived as follows: 0.23% = 0.73% 0.50%.

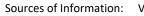
				_													FII	GE 2 OF 2 LED: 04/09/	2021
	[9]	Market Capitalization on January 29, 2021 (3) (millions)		\$ 7,780.290 (6)		\$ 3,248.608	11,920.359 17,905.970	68,932.265	21,053.055 10,020,050	19,039.950 4.451.194	2,941.336	6,109.413	1,593.855	8,468.644 2 700 101	33,565.251	\$ 15,616.160		ok ratio of Proxy	
Tampa Electric Company. Inc. Market Capitalization of Tampa Electric Company, Inc. and the Proxy Group of Thirteen Electric Companies	[5]	Market-to- Book Ratio on January 29, 2021 (2)		178.5 (5)		145.6 %	229.0 222.2	147.2	158.3	180.6 180.6	144.2	147.6	204.0	155.9 14E 0	143.9 253.5	178.5 %		ial to the market-to-bo	
	[4]	Closing Stock Market Price on January 29, 2021	NA			\$ 62.840	48.650 72.720	94.000	58.160	95.330 88.300	54.470	30.520	39.690	75.250	42.290 63.990	\$ 63.555		.1 is assumed to be eq	
	[3]	Total Common Equity at Fiscal Year End 2019 (millions)	4,358.706 (4)			2,231.900	5,205.100 8,059.000	46,822.000	13,303.000	2.464.628 2.464.628	2,039.094	4,139.500	781.482	5,430.648 2 E01 000	13,239.000	8,963.848		Column 3 / Column 1. Column 4 / Column 2. Column 1 * Column 4. Proposed rate out the requested common equity ratio. The market-to-book ratio of Tampa Electric Company. Inc. on January 29, 2021 is assumed to be equal to the market-to-book ratio of Proxy Group of Thirteen Electric Companies on January 29, 2021 as appropriate. Column [3] multiplied by Column [5].	
		T of at F				\$										\$		d common ompany, li ary 29, 20,	
	[2]	Book Value per Share at Fiscal Year End 2019 (1)	NA			43.173	21.243 32.729	63.849	36.750	5 1.188 48.892	37.762	20.679	19.460	48.255 70.006	25.239	36.785		y the requeste mpa Electric C panies on Janu n [5].	
<u>Tampa</u> llization o <u>v Group c</u>		I				\$		10								÷		ltiplied by ttio of Tar tric Comp	
Market Capitali <u>Proxy</u>	[1]	Common Stock Shares Outstanding at Fiscal Year End 2019 (millions)	NA			51.696	245.023 246.232	733.321965	361.985	199./2/ 50.410	53.999	200.177	40.158	112.540	524.539	223.784			10-K onal Service
		Exchange				NYSE	NASDAQ NYSE	NYSE	NYSE	NYSE NYSE	NASDAQ	NYSE	NASDAQ	NYSE	NTSE		NA= Not Available	Notes: (1) (2) (3) (4) (5) (5) (6)	: 2019 Annual Forms 10-K yahoo.finance.com Bloomberg Professional Service
		Company	Tampa Electric Company, Inc.	Based upon Proxy Group of Thirteen Electric Companies	Proxy Group of Thirteen Electric Companies	ALLETE, Inc.	Alliant Energy Corporation Ameren Corporation	Duke Energy Corporation	Edison International	Entergy Corporation IDACORP. Inc.	NorthWestern Corporation	OGE Energy Corporation	Otter Tail Corporation	Pinnacle West Capital Corporation	r of utally defined bleck to company Xcel Energy, Inc.	Average			Sources of Information: 2019 Annual Forms 10-K yahoo.finance.com Bloomberg Professional S

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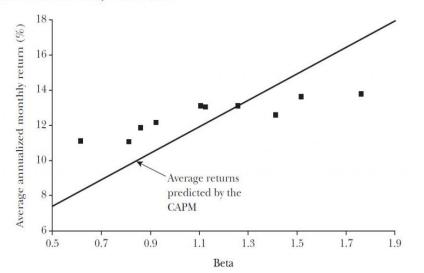
Value Line Tampa Electric Company, Inc., 2019 FERC Form 1 Company provided data

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Fama and French's Figure 2^1

Figure 2 http://pubs.aeaweb.org/doi/pdfplus/10.1257/0895330042162430

Average Annualized Monthly Return versus Beta for Value Weight Portfolios Formed on Prior Beta, 1928–2003



¹ Eugene F. Fama and Kenneth R. French, *The Capital Asset Pricing Model: Theory and Evidence*, <u>Journal of Economic Perspectives</u>, Vol. 18, No. 3, Summer 2004 at 33 ("Fama & French").

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REFERENCED ENDNOTES

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- Risk distinctions within S&P's bond rating categories are recognized by a 'plus' or 'minus', e.g., within the A category, an S&P rating can be an A+, A, or A-. Similarly, risk distinction for Moody's ratings are distinguished by numerical rating gradations, e.g., within the A category, a Moody's rating can be A1, A2 and A3.
- See, Tampa Electric Company, SEC Form 10-K, at 5 (Dec. 31, 2020). The Company's operations include electricity sold at the wholesale level to municipalities, electric cooperative utilities, power marketers, and other load-serving entities.
- ³ Source: S&P Global Market Intelligence.
- ⁴ See, Emera Incorporated, SEC Form 40-F, at 7-8 (Dec. 31, 2019).
- ⁵ Source: Tampa Electric Company, FERC Form 1.
- ⁶ Eugene F. Brigham and Joel F. Houston, <u>Fundamentals of Financial</u> Management, Concise 4th Ed., Thomson South-Western, 2004, at 574.
- Pauline M. Ahern, Frank J. Hanley, and Richard A. Michelfelder, Ph.D., A New Approach for Estimating the Equity Risk Premium for Public Utilities, <u>The Journal of Regulatory Economics</u> (December 2011), 40:261-278.
- ⁸ Autoregressive conditional heteroscedasticity; see also, www.nobelprize.org/prizes/economic-sciences/2003/engle/facts/.
- ⁹ Annualized Return = (1 + Monthly Return)[^] 12 1.
- ¹⁰ See, Blue Chip Financial Forecasts, December 1, 2020 at 14; and February 3, 2021 at 2.
- See, <u>SBBI 2020</u>, Appendix A Tables: Morningstar Stocks, Bonds, Bills, & Inflation 1926-2019.
- ¹² See, SBBI 2020, at 10-22.
- ¹³ Data from January 1928 to December 2019 is from <u>SBBI 2020</u>. Data from January 2020 to January 2021 is from Bloomberg Professional Services.

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- See, e.g., Robert S. Harris and Felicia C. Marston, The Market Risk Premium: Expectational Estimates Using Analysts' Forecasts, Journal of <u>Applied Finance</u>, Vol. 11, No. 1, 2001, at 11-12; Eugene F. Brigham, Dilip K. Shome, and Steve R. Vinson, The Risk Premium Approach to Measuring a Utility's Cost of Equity, <u>Financial Management</u>, Spring 1985, at 33-45.
- ¹⁵ Roger A. Morin, New Regulatory Finance, at 175 ("Morin").
- ¹⁶ Eugene F. Fama and Kenneth R. French, *The Capital Asset Pricing Model: Theory and Evidence*, <u>Journal of Economic Perspectives</u>, Vol. 18, No. 3, Summer 2004, at 33 ("Fama & French").
- ¹⁷ Morin, at 175.
- ¹⁸ Morin, at 190.
- ¹⁹ Fama and French, at 32.
- ²⁰ Fama and French, at 33.
- See, <u>SBBI 2020</u>, Appendix A-1 (1) through A-1 (3) and Appendix A-7 (19) through A-7 (21).
- Blue Chip Financial Forecasts, December 1, 2020, at 14; and February 3, 2021, at 2.
- ²³ Morin, at 321.
- ²⁴ Eugene F. Brigham and Phillip R. Daves, <u>Intermediate Financial</u> Management, 9th Edition, Thomson/Southwestern, at page 342.
- ²⁵ Morin, at 327-30.
- ²⁶ Duff & Phelps, Valuation Handbook U.S. Guide to Cost of Capital, Wiley 2020, at 4-1.
- Fama and French, at 25-43.
- Richard A. Brealey and Stewart C. Myers, <u>Principles of Corporate</u> Finance (McGraw-Hill Book Company, 1996), at 204-205, 229.
- ²⁹ Eugene F. Brigham, <u>Fundamentals of Financial Management</u>, Fifth Edition (The Dryden Press, 1989), at 623.
- ³⁰ See, S&P Global Ratings, RatingsDirect: Tampa Electric Co., April 17, 2020; and Moody's Investor Service, Credit Opinion: Tampa Electric Company, December 22, 2020.
- ³¹ Source: Company provided data.
- ³² Source: Company provided data.
- ³³ Source: Tampa Electric Company, 2019 FERC Form 1, at 110.

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- ³⁴ Standard & Poor's, Industry Report Card: Utility Sectors in the Americas Remain Stable, While Challenges Beset European, Australian, and New Zealand Counterparts, RatingsDirect, June 27, 2008, at 4.
- ³⁵ Standard & Poor's, *Industry Top Trends 2017: Utilities*, RatingsDirect, February 16, 2017, at 4.