

FLOTATION COST ADJUSTMENT

Two most recent common stock issuances per company, if available

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	
Company	Date	Shares Issued (000)	Offering Price	Under-writing Discount	Offering Expense (000)	Net Proceeds Per Share	Total Flotation Costs (000)	Gross Equity Issue Before Costs (000)	Net Proceeds (000)	Flotation Cost Percentage
ALLETE, Inc.	2/26/2014	3,220	\$ 49.75	\$ 1.74	\$ 450	\$ 47.87	\$ 6,057	\$ 160,195	\$ 154,138	3.78%
ALLETE, Inc.	5/24/2001	6,600	\$ 23.68	\$ 0.95	\$ 350	\$ 22.68	\$ 6,602	\$ 156,288	\$ 149,686	4.22%
Alliant Energy Corporation	7/1/2003	17,250	\$ 19.25	\$ 0.77	\$ 370	\$ 18.46	\$ 13,653	\$ 332,063	\$ 318,410	4.11%
Alliant Energy Corporation	11/8/2001	9,775	\$ 28.00	\$ 1.05	\$ 425	\$ 26.91	\$ 10,689	\$ 273,700	\$ 263,011	3.91%
Ameren Corporation	9/9/2009	21,850	\$ 25.25	\$ 0.76	\$ 450	\$ 24.47	\$ 17,001	\$ 551,713	\$ 534,711	3.08%
Ameren Corporation	7/2/2004	10,925	\$ 42.00	\$ 1.26	\$ 400	\$ 40.70	\$ 14,166	\$ 458,850	\$ 444,685	3.09%
American Electric Power Company, Inc.	4/1/2009	69,000	\$ 24.50	\$ 0.74	\$ 400	\$ 23.76	\$ 51,115	\$ 1,690,500	\$ 1,639,385	3.02%
American Electric Power Company, Inc.	2/27/2003	56,000	\$ 20.95	\$ 0.63	\$ 550	\$ 20.31	\$ 35,746	\$ 1,173,200	\$ 1,137,454	3.05%
Duke Energy Corporation	3/1/2016	10,638	\$ 72.00	\$ 2.16	\$ 400	\$ 69.80	\$ 23,377	\$ 765,900	\$ 742,523	3.05%
Hawaiian Electric Industries, Inc.	3/19/2013	7,000	\$ 26.75	\$ 1.00	\$ 450	\$ 25.68	\$ 7,472	\$ 187,250	\$ 179,778	3.99%
Hawaiian Electric Industries, Inc.	12/2/2008	5,000	\$ 23.00	\$ 0.86	\$ 300	\$ 22.08	\$ 4,613	\$ 115,000	\$ 110,388	4.01%
IDACORP, Inc.	12/9/2004	4,025	\$ 30.00	\$ 1.20	\$ 300	\$ 28.73	\$ 5,130	\$ 120,750	\$ 115,620	4.25%
OGE Energy Corp.	8/21/2003	5,324	\$ 21.60	\$ 0.79	\$ 325	\$ 20.75	\$ 4,531	\$ 115,000	\$ 110,469	3.94%
Pinnacle West Capital Corporation	4/8/2010	6,900	\$ 38.00	\$ 1.33	\$ 190	\$ 36.64	\$ 9,367	\$ 262,200	\$ 252,833	3.57%
Pinnacle West Capital Corporation	4/27/2005	6,095	\$ 42.00	\$ 1.37	\$ 250	\$ 40.59	\$ 8,570	\$ 255,990	\$ 247,420	3.35%
PNM Resources, Inc.	12/6/2006	5,750	\$ 30.79	\$ 1.08	\$ 250	\$ 29.67	\$ 6,449	\$ 177,043	\$ 170,594	3.64%
PNM Resources, Inc.	3/23/2005	3,910	\$ 26.76	\$ 0.87	\$ 200	\$ 25.84	\$ 3,601	\$ 104,632	\$ 101,031	3.44%
Portland General Electric Company	6/11/2013	12,765	\$ 29.50	\$ 0.96	\$ 600	\$ 28.49	\$ 12,839	\$ 376,568	\$ 363,728	3.41%
Portland General Electric Company	3/5/2009	12,478	\$ 14.10	\$ 0.49	\$ 375	\$ 13.58	\$ 6,533	\$ 175,933	\$ 169,400	3.71%
PPL Corporation	4/11/2011	92,000	\$ 25.30	\$ 0.76	\$ 1,000	\$ 24.53	\$ 70,828	\$ 2,327,600	\$ 2,256,772	3.04%
PPL Corporation	6/22/2010	103,500	\$ 24.00	\$ 0.72	\$ 500	\$ 23.28	\$ 75,020	\$ 2,484,000	\$ 2,408,980	3.02%
Southern Company	12/6/2000	28,000	\$ 28.50	\$ 0.92	\$ 490	\$ 27.56	\$ 26,250	\$ 798,000	\$ 771,750	3.29%
Xcel Energy Inc.	8/3/2010	21,850	\$ 21.50	\$ 0.65	\$ 600	\$ 20.83	\$ 14,693	\$ 469,775	\$ 455,082	3.13%
Xcel Energy Inc.	2/25/2002	23,000	\$ 22.50	\$ 0.73	\$ 300	\$ 21.76	\$ 17,090	\$ 517,500	\$ 500,410	3.30%
							\$ 451,389	\$ 14,049,647	\$ 13,598,259	3.21%

Notes

[1] - [3] Source: SNL Financial; Two most recent equity issuances of each company in the proxy group, excluding issuances without gross underwriting discount

[4] Source: Company Prospectus Supplements

[5] Equals Col. [8] / Col. [1]

[6] Equals (Col. [1] x Col. [3]) + Col. [4]

[7] Equals Col. [1] x Col. [2]

[8] Equals Col. [7] - Col. [6]

[9] Equals Col. [6] / Col. [7]

The flotation adjustment is derived by dividing the dividend yield by 1- F (where F = flotation costs expressed in percentage terms), or by 0.9679, and adding that result to the constant growth rate to determine the cost of equity. Using the formulas shown previously in my testimony, the Constant Growth DCF calculation is modified as follows to accommodate an adjustment for flotation costs:

$$k = \frac{D \times (1 + 0.5g)}{P \times (1 - F)} + g$$

FLOTATION COST ADJUSTMENT

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	
					Expected Div. Yield							
Company	Ticker	Annualized Dividend	Stock Price	Dividend Yield	Expected Dividend Yield	Adj. for Flotation Costs	Value Line EPS Growth	First Call EPS Growth	Zacks Earnings Growth	Average Earnings Growth	DCF	Flotation Adjusted DCF
ALLETE, Inc.	ALE	\$2.24	\$70.32	3.19%	3.27%	3.38%	5.00%	5.00%	6.10%	5.37%	8.64%	8.75%
Alliant Energy Corporation	LNT	\$1.34	\$39.05	3.43%	3.53%	3.64%	6.00%	5.45%	5.40%	5.62%	9.14%	9.26%
Ameren Corporation	AEE	\$1.83	\$55.24	3.31%	3.42%	3.53%	6.00%	6.40%	6.90%	6.43%	9.85%	9.97%
American Electric Power Company, Inc.	AEP	\$2.48	\$66.84	3.71%	3.80%	3.93%	4.00%	5.63%	5.40%	5.01%	8.81%	8.94%
Duke Energy Corporation	DUK	\$3.56	\$76.66	4.64%	4.74%	4.90%	4.50%	4.19%	3.70%	4.13%	8.87%	9.03%
El Paso Electric Company	EE	\$1.34	\$50.76	2.64%	2.71%	2.80%	5.00%	5.20%	5.10%	5.10%	7.81%	7.90%
Hawaiian Electric Industries, Inc.	HE	\$1.24	\$33.54	3.70%	3.79%	3.92%	1.50%	8.50%	5.60%	5.20%	8.99%	9.12%
IDACORP, Inc.	IDA	\$2.36	\$83.89	2.81%	2.86%	2.96%	3.50%	3.10%	4.10%	3.57%	6.43%	6.53%
NextEra Energy, Inc.	NEE	\$4.44	\$152.61	2.91%	3.03%	3.13%	8.50%	8.85%	7.90%	8.42%	11.45%	11.55%
OGE Energy Corp.	OGE	\$1.33	\$31.38	4.24%	4.36%	4.51%	6.00%	5.80%	6.00%	5.93%	10.30%	10.44%
Pinnacle West Capital Corporation	PNW	\$2.78	\$78.08	3.56%	3.64%	3.76%	5.50%	4.68%	3.00%	4.39%	8.03%	8.15%
PNM Resources, Inc.	PNM	\$1.06	\$36.12	2.93%	3.03%	3.13%	7.50%	5.90%	5.80%	6.40%	9.43%	9.53%
Portland General Electric Company	POR	\$1.36	\$41.15	3.31%	3.37%	3.48%	6.00%	2.70%	3.00%	3.90%	7.27%	7.38%
PPL Corporation	PPL	\$1.58	\$30.81	5.13%	5.25%	5.42%	NMF	2.14%	7.00%	4.57%	9.82%	9.99%
Southern Company	SO	\$2.32	\$44.07	5.26%	5.36%	5.54%	4.00%	2.17%	4.50%	3.56%	8.92%	9.09%
Xcel Energy Inc.	XEL	\$1.44	\$44.38	3.24%	3.33%	3.44%	4.50%	6.15%	5.80%	5.48%	8.82%	8.93%
MEAN											8.91%	9.03%
											[12]	0.12%

Notes:

[1] Source: Bloomberg Professional

[2] Source: Bloomberg Professional, equals 30-day average as of February 28, 2018

[3] Equals [1] / [2]

[4] Equals [3] x (1 + 0.5 x [9])

[5] Equals [4] / (1 - Flotation Cost)

[6] Source: Value Line

[7] Source: Yahoo! Finance

[8] Source: Zacks Earnings Growth

[9] Equals Average ([6], [7], [8])

[10] Equals [4] + [9]

[11] Equals [5] + [9]

[12] Equals Average of [11] - Average of [10]