

	A	B	C	D
OCA RECOMMENDED WACC AND ROE				
Weighted Average Cost of Capital and				
Return on Equity				
		Weight	Cost	WACC
1	Debt	48.66%	6.600%	3.212%
2	Preferred	6.39%	5.800%	0.371%
3	Equity	44.95%	10.0%	4.495%
4		100.00%		8.1%

	A	B	C	D
PACIFICORP RECOMMENDED WACC AND ROE				
Weighted Average Cost of Capital and				
Return on Equity				
		Weight	Cost	WACC
5	Debt	48.66%	6.600%	3.212%
6	Preferred	6.39%	5.800%	0.371%
7	Equity	44.95%	11.50%	5.169%
8		100.00%		8.751%

CAPM Analysis																					
Company Name	Percent of Revenues From Electric		C.A. Turners Utility Reports				90 Day Treasury		30 Year Treasury		High Grade Corporate			Corporate Equity		Long Term		Short Term		Corporate	Composite
	Symbol	Electric	% Debt	% Preferred	% Common	S & P Bond Rating	Short Term Risk Free Rate ²	Short Term Risk Premium ¹	Long Term Risk Free Rate ²	Long Term Risk Premium ¹	Risk Free Rate ³	Risk Premium ¹	Value Line Beta	Long Term CAPM	Short Term CAPM	Corporate CAPM	Composite CAPM				
1 Ameren	ABE	92%	51.00%	2.50%	46.50%	A	0.94%	8.40%	5.13%	6.40%	5.70%	6.00%	0.65	9.29%	6.40%	9.60%	9.45%				
2 Clero Corporation	CNL	78%	60.50%	2.00%	37.50%	A-	0.94%	8.40%	5.13%	6.40%	5.70%	6.00%	0.90	10.89%	8.50%	11.10%	11.00%				
3 Central Vermont Pub. Svc. Corp.	CV	100%	38.50%	5.00%	56.50%	BBB+	0.94%	8.40%	5.13%	6.40%	5.70%	6.00%	0.45	8.01%	4.72%	8.40%	8.21%				
4 DPL Inc.	DPL	99%	74.00%	0.00%	26.00%	BBB	0.94%	8.40%	5.13%	6.40%	5.70%	6.00%	0.80	10.25%	7.66%	10.50%	10.38%				
5 DTE Energy Company	DTE	81%	62.50%	0.00%	37.50%	BBB+	0.94%	8.40%	5.13%	6.40%	5.70%	6.00%	0.60	8.97%	5.98%	9.30%	9.14%				
6 DQE, Inc.	DQE	91%	55.00%	16.00%	29.00%	BBB+	0.94%	8.40%	5.13%	6.40%	5.70%	6.00%	0.65	9.29%	6.40%	9.60%	9.45%				
7 Empire District Electric Company	EDE	98%	54.50%	0.00%	45.50%	BBB	0.94%	8.40%	5.13%	6.40%	5.70%	6.00%	0.60	8.97%	5.98%	9.30%	9.14%				
8 FPL Group	FPL	97%	47.50%	1.50%	51.00%	A	0.94%	8.40%	5.13%	6.40%	5.70%	6.00%	0.60	8.97%	5.98%	9.30%	9.14%				
9 First Energy Corporation	FE	75%	55.50%	2.00%	42.50%	BBB	0.94%	8.40%	5.13%	6.40%	5.70%	6.00%	0.60	8.97%	5.98%	9.30%	9.14%				
10 Great Plains Energy	GXP	90%	54.50%	1.50%	44.00%	BBB	0.94%	8.40%	5.13%	6.40%	5.70%	6.00%	0.70	9.61%	6.82%	9.90%	9.76%				
11 Northeast Utilities	NU	72%	65.00%	1.50%	33.50%	BBB+	0.94%	8.40%	5.13%	6.40%	5.70%	6.00%	0.70	9.61%	6.82%	9.90%	9.76%				
12 NSTAR	NST	87%	59.00%	1.00%	40.00%	A	0.94%	8.40%	5.13%	6.40%	5.70%	6.00%	0.65	9.29%	6.40%	9.60%	9.45%				
13 Pinnacle West Capital Corporation	PNW	78%	52.00%	0.00%	48.00%	A-	0.94%	8.40%	5.13%	6.40%	5.70%	6.00%	0.65	9.29%	6.40%	9.60%	9.45%				
14 Southern Company	SO	76%	44.50%	12.00%	43.50%	A+	0.94%	8.40%	5.13%	6.40%	5.70%	6.00%	0.70	9.61%	6.82%	9.90%	9.76%				
15 Teeco Energy, Inc.	TE	92%	60.00%	9.50%	30.50%	BBB-	0.94%	8.40%	5.13%	6.40%	5.70%	6.00%	0.65	9.29%	6.40%	9.60%	9.45%				
16 Vectren Corporation	VVC	99%	52.00%	0.00%	48.00%	A-	0.94%	8.40%	5.13%	6.40%	5.70%	6.00%	0.75	9.93%	7.24%	10.20%	10.07%				
17 Wisconsin Energy Corporation	WEC	76%	59.50%	0.50%	40.00%	BBB+	0.94%	8.40%	5.13%	6.40%	5.70%	6.00%	0.75	9.93%	7.24%	10.20%	10.07%				
18 Unisource Energy Corporation	UNS	92%	80.50%	0.00%	19.50%	BBB-	0.94%	8.40%	5.13%	6.40%	5.70%	6.00%	0.60	8.97%	5.98%	9.30%	9.14%				
19																					
20	Average	87%	57.00%	3.06%	39.94%		0.94%	8.40%	5.13%	6.40%	5.70%	6.00%	0.67	9.40%	6.54%	9.70%	9.55%				
21	Standard Deviation	10%	9.88%	4.66%	9.43%		0.00%	0.00%	0.00%	0.00%	0.00%	0.10	0.63%	0.83%	0.59%	0.61%					
22	Minimum	72%	38.50%	0.00%	19.50%		0.94%	8.40%	5.13%	6.40%	5.70%	6.00%	0.45	8.01%	4.72%	8.40%	8.21%				
23	Maximum	100%	80.50%	16.00%	56.50%		0.94%	8.40%	5.13%	6.40%	5.70%	6.00%	0.90	10.89%	8.50%	11.10%	11.00%				
24																					

1. Ibbotsons Associates, Inc., 2002 Yearbook
2. Bloomberg.com
3. Moody's Corporate Bond Yield

Direct Testimony of Marci L. Norby

Constant Growth DCF (Value Line Analyst Forecasted Growth Rates)

	A	B	C	D	E	F	G	H	
Company Name	Value Line Projected 2003 Dividend Per Share	Recent Common Stock Price ¹	Calculated Dividend Yield	EPS Growth Rate	DPS Growth Rate	BV Growth Rate	Calculated Weighted Average Growth Rate	Discounted Cash Flow	
1 Ameren	\$2.54	\$41.95	6.05%	1.00%	0.50%	3.50%	1.75%	7.80%	
2 Cleco Corporation	\$0.90	\$14.65	6.14%	Nil	0.50%	3.00%	1.08%	7.23%	
3 Central Vermont Pub. Svc. Corp.	\$0.88	\$19.75	4.46%	7.50%	3.00%	2.00%	4.92%	9.37%	
4 DPL Inc.	\$0.94	\$14.15	6.64%	6.00%	0.50%	6.00%	5.08%	11.73%	
5 DTE Energy Company	\$2.06	\$41.75	4.93%	5.50%	0.50%	4.50%	4.33%	9.27%	
6 DQE, Inc.	\$1.00	\$14.30	6.99%	7.50%	-7.00%	-4.00%	1.25%	8.24%	
7 Empire District Electric Company	\$1.28	\$19.65	6.51%	9.00%	Nil	3.00%	5.50%	12.01%	
8 FPL Group	\$2.40	\$60.85	3.94%	5.00%	3.50%	7.50%	5.58%	9.53%	
9 First Energy Corporation	\$1.50	\$32.35	4.64%	2.00%	2.00%	4.50%	2.83%	7.47%	
10 Great Plains Energy	\$1.66	\$26.10	6.36%	4.50%	0.50%	3.50%	3.50%	9.86%	
11 Northeast Utilities	\$0.58	\$15.30	3.79%	18.00%	9.00%	4.50%	12.00%	15.79%	
12 NSTAR	\$2.17	\$43.35	5.01%	3.50%	2.00%	3.50%	3.25%	8.26%	
13 Pinnacle West Capital Corporation	\$1.73	\$33.95	5.10%	0.50%	5.50%	3.00%	2.17%	7.26%	
14 Southern Company	\$1.39	\$29.50	4.71%	6.50%	3.00%	5.00%	5.42%	10.13%	
15 Teco Energy, Inc.	\$0.93	\$13.25	7.02%	-0.50%	-5.50%	1.50%	-0.67%	6.35%	
16 Vectren Corporation	\$1.11	\$22.90	4.85%	8.00%	3.50%	5.50%	6.42%	11.26%	
17 Wisconsin Energy Corporation	\$0.80	\$26.60	3.01%	8.00%	Nil	7.50%	6.50%	9.51%	
18 Unisource Energy Corporation	\$0.60	\$17.70	3.39%	0.50%	13.50%	4.00%	3.83%	7.22%	
19									
20									
21	Average	\$1.36	\$27.11	5.20%	5.44%	2.19%	3.78%	4.15%	9.35%
22	Standard Deviation	\$0.61	\$13.18	1.24%	4.43%	4.82%	2.54%	2.80%	2.30%
23	Minimum	\$0.58	\$13.25	3.01%	-0.50%	-7.00%	-4.00%	-0.67%	6.35%
24	Maximum	\$2.54	\$60.85	7.02%	18.00%	13.50%	7.50%	12.00%	15.79%
25									

1. Value Line Data

Constant Growth DCF (Value Line Numbers Through 2008)

	A	B	C	D	E	F	G	H	
Company Name	Value Line Projected 2003 Dividend Per Share	Recent Common Stock Price	Calculated Dividend Yield	EPS Growth Rate	DPS Growth Rate	BV Growth Rate	Calculated Weighted Average Growth Rate	Discounted Cash Flow	
1 Ameren	\$2.54	\$41.95	6.05%	2.61%	0.62%	2.21%	2.15%	8.20%	
2 Cleco Corporation	\$0.90	\$14.65	6.14%	2.92%	0.00%	4.16%	2.85%	8.99%	
3 Central Vermont Pub. Svc. Corp.	\$0.88	\$19.75	4.46%	2.50%	3.40%	1.25%	2.24%	6.69%	
4 DPL Inc.	\$0.94	\$14.15	6.64%	8.06%	0.84%	6.08%	6.20%	12.84%	
5 DTE Energy Company	\$2.06	\$41.75	4.93%	9.07%	0.39%	5.18%	6.33%	11.26%	
6 DQE, Inc.	\$1.00	\$14.30	6.99%	4.71%	0.00%	5.69%	4.25%	11.24%	
7 Empire District Electric Company	\$1.28	\$19.65	6.51%	3.12%	0.00%	1.99%	2.22%	8.74%	
8 FPL Group	\$2.40	\$60.85	3.94%	3.06%	2.54%	6.42%	4.09%	8.03%	
9 First Energy Corporation	\$1.50	\$32.35	4.64%	10.70%	2.54%	3.88%	7.07%	11.70%	
10 Great Plains Energy	\$1.66	\$26.10	6.36%	4.02%	0.48%	3.43%	3.24%	9.60%	
11 Northeast Utilities	\$0.58	\$15.30	3.79%	10.60%	6.11%	3.68%	7.55%	11.34%	
12 NSTAR	\$2.17	\$43.35	5.01%	2.99%	1.43%	3.24%	2.81%	7.82%	
13 Pinnacle West Capital Corporation	\$1.73	\$33.95	5.10%	4.14%	4.25%	2.92%	3.75%	8.85%	
14 Southern Company	\$1.39	\$29.50	4.71%	4.86%	2.60%	3.27%	3.95%	8.67%	
15 Teco Energy, Inc.	\$0.93	\$13.25	7.02%	11.50%	2.03%	3.22%	7.16%	14.18%	
16 Vectren Corporation	\$1.11	\$22.90	4.85%	4.29%	2.73%	3.62%	3.81%	8.65%	
17 Wisconsin Energy Corporation	\$0.80	\$26.60	3.01%	3.61%	4.59%	6.42%	4.71%	7.72%	
18 Unisource Energy Corporation	\$0.60	\$17.70	3.39%	7.49%	8.04%	3.21%	6.16%	9.55%	
19									
20									
21									
22	Average	\$1.36	\$27.11	5.20%	5.57%	2.37%	3.88%	4.47%	9.67%
23	Standard Deviation	\$0.61	\$13.18	1.24%	3.11%	2.26%	1.51%	1.82%	1.99%
24	Minimum	\$0.58	\$13.25	3.01%	2.50%	0.00%	1.25%	2.15%	6.69%
25	Maximum	\$2.54	\$60.85	7.02%	11.50%	8.04%	6.42%	7.55%	14.18%
26									

1. Value Line Data

Direct testimony of Marci L. Norby

Constant Growth DCF (Value Line Numbers Through 2007)

	A	B	C	D	E	F	G	H	
Company Name	Value Line Projected 2003 Dividend Per Share	Recent Common Stock Price ¹	Calculated Dividend Yield	EPS Growth Rate	DPS Growth Rate	BV Growth Rate	Calculated Weighted Average Growth Rate	Discounted Cash Flow	
1 Ameren	\$2.54	\$41.95	6.05%	3.28%	0.78%	2.78%	2.70%	8.75%	
2 Cleco Corporation	\$0.90	\$14.65	6.14%	3.67%	0.00%	5.23%	3.58%	9.72%	
3 Central Vermont Pub. Svc. Corp.	\$0.88	\$19.75	4.46%	5.39%	4.26%	1.57%	3.93%	8.39%	
4 DPL Inc.	\$0.94	\$14.15	6.64%	10.37%	1.05%	7.66%	7.91%	14.56%	
5 DTE Energy Company	\$2.06	\$41.75	4.93%	11.41%	0.48%	6.52%	7.96%	12.89%	
6 DQE, Inc.	\$1.00	\$14.30	6.99%	5.97%	0.00%	7.17%	5.38%	12.37%	
7 Empire District Electric Company	\$1.28	\$19.65	6.51%	3.95%	0.00%	2.50%	2.81%	9.32%	
8 FPL Group	\$2.40	\$60.85	3.94%	3.85%	3.18%	8.09%	5.15%	9.10%	
9 First Energy Corporation	\$1.50	\$32.35	4.64%	13.39%	3.20%	4.87%	8.85%	13.49%	
10 Great Plains Energy	\$1.66	\$26.10	6.36%	5.09%	0.60%	4.31%	4.08%	10.44%	
11 Northeast Utilities	\$0.58	\$15.30	3.79%	13.68%	7.69%	4.63%	9.66%	13.45%	
12 NSTAR	\$2.17	\$43.35	5.01%	3.78%	1.79%	4.06%	3.54%	8.55%	
13 Pinnacle West Capital Corporation	\$1.73	\$33.95	5.10%	5.20%	5.34%	3.66%	4.71%	9.80%	
14 Southern Company	\$1.39	\$29.50	4.71%	6.16%	3.26%	4.10%	4.99%	9.70%	
15 Teco Energy, Inc.	\$0.93	\$13.25	7.02%	15.42%	2.62%	4.04%	9.49%	16.51%	
16 Vectren Corporation	\$1.11	\$22.90	4.85%	5.43%	3.42%	4.54%	4.80%	9.64%	
17 Wisconsin Energy Corporation	\$0.80	\$26.60	3.01%	4.58%	5.79%	8.09%	5.95%	8.96%	
18 Unisource Energy Corporation	\$0.60	\$17.70	3.39%	9.38%	10.11%	4.03%	7.72%	11.11%	
19									
20									
21	Average	\$1.36	\$27.11	5.20%	7.22%	2.98%	4.88%	5.73%	10.93%
22	Standard Deviation	\$0.61	\$13.18	1.24%	3.95%	2.84%	1.91%	2.29%	2.38%
23	Minimum	\$0.58	\$13.25	3.01%	3.28%	0.00%	1.57%	2.70%	8.39%
24	Maximum	\$2.54	\$60.85	7.02%	15.42%	10.11%	8.09%	9.66%	16.51%

1. Value Line data

Direct Testimony of Marci L. Norby

Docket No. 2000-ER-03-198

Non-Constant Growth Model (using calculated VL growth rates through 2008)

	A	B	C	D	E	F	H	I	J	K
	Dividends Per Share						Constant Growth Rate	Current Stock Price	Non-Constant	
	2003	2004	2005	2006	2007	2008			Model	Growth DCF
1 Ameren	\$2.54	\$2.54	\$2.56	\$2.58	\$2.60	\$2.62	2.15%	\$41.95	\$41.95	7.82%
2 Cleco Corporation	\$0.90	\$0.90	\$0.90	\$0.90	\$0.90	\$0.90	2.85%	\$14.65	\$14.65	8.30%
3 Central Vermont Pub. Svc. Corp.	\$0.88	\$0.92	\$0.95	\$0.98	\$1.01	\$1.04	2.24%	\$19.75	\$19.75	6.92%
4 DPL, Inc.	\$0.94	\$0.94	\$0.95	\$0.96	\$0.97	\$0.98	6.20%	\$14.15	\$14.15	11.52%
5 DTE Energy Company	\$2.06	\$2.06	\$2.07	\$2.08	\$2.09	\$2.10	6.33%	\$41.75	\$41.75	10.15%
6 DQE, Inc.	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	4.25%	\$14.30	\$14.30	10.12%
7 Empire District Electric Company	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	2.22%	\$19.65	\$19.65	8.16%
8 FPL Group	\$2.40	\$2.48	\$2.54	\$2.60	\$2.66	\$2.72	4.09%	\$60.85	\$60.85	7.78%
9 First Energy Corporation	\$1.50	\$1.50	\$1.55	\$1.60	\$1.65	\$1.70	7.07%	\$32.35	\$32.35	10.88%
10 Great Plains Energy	\$1.66	\$1.66	\$1.67	\$1.68	\$1.69	\$1.70	3.24%	\$26.10	\$26.10	8.90%
11 Northeast Utilities	\$0.58	\$0.62	\$0.66	\$0.70	\$0.74	\$0.78	7.55%	\$15.30	\$15.30	11.12%
12 NSTAR	\$2.17	\$2.21	\$2.24	\$2.27	\$2.30	\$2.33	2.81%	\$43.35	\$43.35	7.53%
13 Pinnacle West Capital Corporation	\$1.73	\$1.83	\$1.91	\$1.98	\$2.06	\$2.13	3.75%	\$33.95	\$33.95	8.96%
14 Southern Company	\$1.39	\$1.42	\$1.46	\$1.50	\$1.54	\$1.58	3.95%	\$29.50	\$29.50	8.40%
15 Teco Energy, Inc.	\$0.93	\$0.76	\$0.82	\$0.88	\$0.94	\$1.00	7.16%	\$13.25	\$13.25	12.59%
16 Vectren Corporation	\$1.11	\$1.15	\$1.18	\$1.21	\$1.24	\$1.27	3.81%	\$22.90	\$22.90	8.44%
17 Wisconsin Energy Corporation	\$0.80	\$0.80	\$0.85	\$0.90	\$0.95	\$1.00	4.71%	\$26.60	\$26.60	7.69%
18 Unisource Energy Corporation	\$0.60	\$0.70	\$0.75	\$0.79	\$0.84	\$0.88	6.16%	\$17.70	\$17.70	9.84%

Ave	9.17%
Median	8.67%
Min	6.92%
Max	12.59%

Non-Constant Growth Model (using calculated Value Line growth rates through 2007)

	A	B	C	D	E	F	H	I	J	K
	Dividends Per Share					Constant Growth Rate	Current Stock Price	Non-Constant		
	2003	2004	2005	2006	2007			Model	Growth DCF	
32 Ameren	\$2.54	\$2.54	\$2.57	\$2.59	\$2.62		2.70%	\$41.95	\$41.95	8.36%
33 Cleco Corporation	\$0.90	\$0.90	\$0.90	\$0.90	\$0.90		3.58%	\$14.65	\$14.65	9.01%
34 Central Vermont Pub. Svc. Corp.	\$0.88	\$0.92	\$0.96	\$1.00	\$1.04		3.93%	\$19.75	\$19.75	8.44%
35 DPL, Inc.	\$0.94	\$0.94	\$0.95	\$0.97	\$0.98		7.91%	\$14.15	\$14.15	13.18%
36 DTE Energy Company	\$2.06	\$2.06	\$2.07	\$2.09	\$2.10		7.96%	\$41.75	\$41.75	11.76%
37 DQE, Inc.	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00		5.38%	\$14.30	\$14.30	11.21%
38 Empire District Electric Company	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28		2.81%	\$19.65	\$19.65	8.73%
39 FPL Group	\$2.40	\$2.48	\$2.56	\$2.64	\$2.72		5.15%	\$60.85	\$60.85	8.83%
40 First Energy Corporation	\$1.50	\$1.50	\$1.57	\$1.63	\$1.70		8.85%	\$32.35	\$32.35	12.66%
41 Great Plains Energy	\$1.66	\$1.66	\$1.67	\$1.69	\$1.70		4.08%	\$26.10	\$26.10	9.72%
42 Northeast Utilities	\$0.58	\$0.62	\$0.67	\$0.73	\$0.78		9.66%	\$15.30	\$15.30	13.21%
43 NSTAR	\$2.17	\$2.21	\$2.25	\$2.29	\$2.33		3.54%	\$43.35	\$43.35	8.25%
44 Pinnacle West Capital Corporation	\$1.73	\$1.83	\$1.93	\$2.03	\$2.13		4.71%	\$33.95	\$33.95	9.92%
45 Southern Company	\$1.39	\$1.42	\$1.47	\$1.53	\$1.58		4.99%	\$29.50	\$29.50	9.43%
46 Teco Energy, Inc.	\$0.93	\$0.76	\$0.84	\$0.92	\$1.00		9.49%	\$13.25	\$13.25	14.83%
47 Vectren Corporation	\$1.11	\$1.15	\$1.19	\$1.23	\$1.27		4.80%	\$22.90	\$22.90	9.42%
48 Wisconsin Energy Corporation	\$0.80	\$0.80	\$0.87	\$0.93	\$1.00		5.95%	\$26.60	\$26.60	8.93%
49 Unisource Energy Corporation	\$0.60	\$0.70	\$0.76	\$0.82	\$0.88		7.72%	\$17.70	\$17.70	11.40%

Ave	10.40%
Median	9.57%
Min	8.25%
Max	14.83%

Non-Constant Growth DCF Model (using VL Analyst Forecasted Growth Rates)

	A	B	C	D	E	F	H	I	J	K
	Dividends Per Share						Constant Growth Rate	Current Stock Price	Non-Constant	
	2003	2004	2005	2006	2007	2008			Model	Growth DCF
63 Ameren	\$2.54	\$2.54	\$2.56	\$2.58	\$2.60	\$2.62	1.75%	\$41.95	\$41.95	7.52%
64 Cleco Corporation	\$0.90	\$0.90	\$0.90	\$0.90	\$0.90	\$0.90	1.08%	\$14.65	\$14.65	6.95%
65 Central Vermont Pub. Svc. Corp.	\$0.88	\$0.92	\$0.95	\$0.98	\$1.01	\$1.04	4.92%	\$19.75	\$19.75	9.10%
66 DPL, Inc.	\$0.94	\$0.94	\$0.95	\$0.96	\$0.97	\$0.98	5.08%	\$14.15	\$14.15	10.65%
67 DTE Energy Company	\$2.06	\$2.06	\$2.07	\$2.08	\$2.09	\$2.10	4.33%	\$41.75	\$41.75	8.49%
68 DQE, Inc.	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	1.25%	\$14.30	\$14.30	7.89%
69 Empire District Electric Company	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	\$1.28	5.50%	\$19.65	\$19.65	10.68%
70 FPL Group	\$2.40	\$2.48	\$2.54	\$2.60	\$2.66	\$2.72	5.58%	\$60.85	\$60.85	9.04%
71 First Energy Corporation	\$1.50	\$1.50	\$1.55	\$1.60	\$1.65	\$1.70	2.83%	\$32.35	\$32.35	7.40%
72 Great Plains Energy	\$1.66	\$1.66	\$1.67	\$1.68	\$1.69	\$1.70	3.50%	\$26.10	\$26.10	9.10%
73 Northeast Utilities	\$0.58	\$0.62	\$0.66	\$0.70	\$0.74	\$0.78	12.00%	\$15.30	\$15.30	-64.24%
74 NSTAR	\$2.17	\$2.21	\$2.24	\$2.27	\$2.30	\$2.33	3.25%	\$43.35	\$43.35	7.88%
75 Pinnacle West Capital Corporation	\$1.73	\$1.83	\$1.91	\$1.98	\$2.06	\$2.13	2.17%	\$33.95	\$33.95	7.73%
76 Southern Company	\$1.39	\$1.42	\$1.46	\$1.50	\$1.54	\$1.58	5.42%	\$29.50	\$29.50	9.59%
77 Teco Energy, Inc.	\$0.93	\$0.76	\$0.82	\$0.88	\$0.94	\$1.00	-0.67%	\$13.25	\$13.25	6.77%
78 Vectren Corporation	\$1.11	\$1.15	\$1.18	\$1.21	\$1.24	\$1.27	6.42%	\$22.90	\$22.90	10.57%
79 Wisconsin Energy Corporation	\$0.80	\$0.80	\$0.85	\$0.90	\$0.95	\$1.00	6.50%	\$26.60	\$26.60	9.26%
80 Unisource Energy Corporation	\$0.60	\$0.70	\$0.75	\$0.79	\$0.84	\$0.88	3.83%	\$17.70	\$17.70	7.90%

Ave	8.62%
Median	8.20%
Min	-64.24%
Max	10.68%

	A	B	C
	Recent Value Line Stock Price ¹	Average Stock Price ¹	Difference (A - B)
1 Ameren	\$42.63	\$41.95	\$0.68
2 Cleco Corporation	\$16.34	\$14.65	\$1.69
3 Central Vermont Pub. Svc. Corp.	\$22.39	\$19.75	\$2.64
4 DPL Inc.	\$16.58	\$14.15	\$2.43
5 DTE Energy Company	\$35.85	\$41.75	(\$5.90)
6 DQE, Inc.	\$14.49	\$14.30	\$0.19
7 Empire District Electric Company	\$21.97	\$19.65	\$2.32
8 FPL Group	\$62.00	\$60.85	\$1.15
9 First Energy Corporation	\$29.24	\$32.35	(\$3.11)
10 Great Plains Energy	\$30.03	\$26.10	\$3.93
11 Northeast Utilities	\$17.13	\$15.30	\$1.83
12 NSTAR	\$44.63	\$43.35	\$1.28
13 Pinnacle West Capital Corporation	\$33.37	\$33.95	(\$0.58)
14 Southern Company	\$28.50	\$29.50	(\$1.00)
15 Teco Energy, Inc.	\$11.77	\$13.25	(\$1.48)
16 Vectren Corporation	\$23.31	\$22.90	\$0.41
17 Wisconsin Energy Corporation	\$29.97	\$26.60	\$3.37
18 Unisource Energy Corporation	\$18.00	\$17.70	\$0.30
19			
20			
		Average	\$0.56

1. Value Line data

RISK PREMIUM ANALYSIS

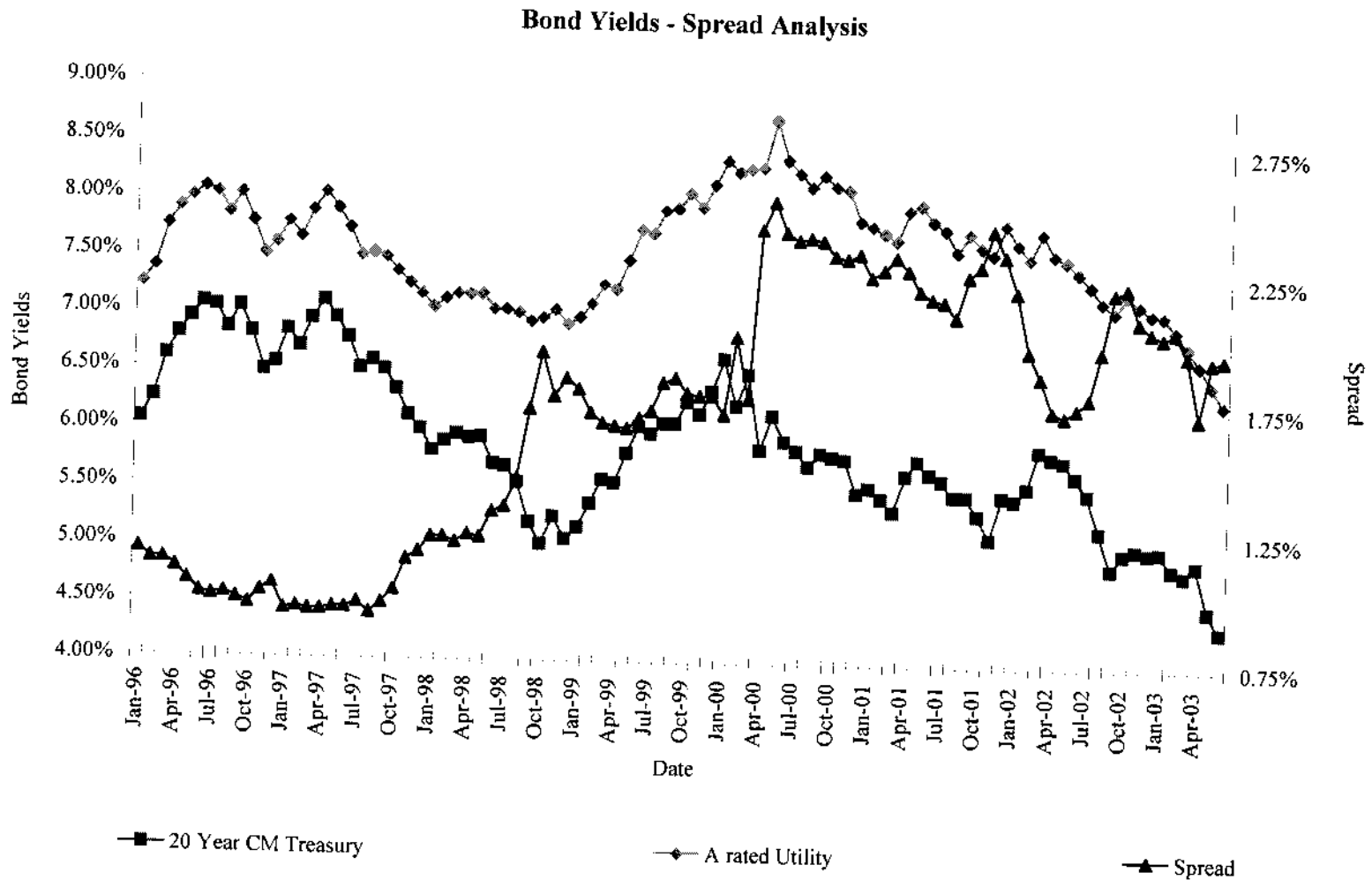
	A	B	C	D
1			Treasury Bonds	
2		ROE Electric	20 Year	
3		Utility	Constant	Calculated
4	Year	Industry ¹	Maturity ²	Risk Premium
5	1998	10.90%	5.47%	5.43%
6	1999	12.60%	6.19%	6.41%
7	2000	7.13%	6.23%	0.90%
8	2001	12.50%	5.63%	6.87%
9	2002	9.93%	5.43%	4.50%
10	Average	10.61%	5.79%	4.82%

11	Risk Free Rate - (30 Year Treasury yield)	³	5.13%
12	Risk Premium		4.82%
13	ROE		9.95%

1. Value Line Investment Survey, March 8, 2002, Page 154, April 5, 2002, Page 695, February 15, 2002, Page 1780.

2. Federal Reserve Bank Data Base.

3. www.bloomberg.com August 2, 2002.



Source: Federal Reserve Bank in St. Louis, Mergent Bond Record

Direct Testimony of Marci L. Norby