

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	Underwriting 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	11/14/2019	4,275	\$ 52.63	\$ 0.40	\$ 500	\$ 52.11	\$ 2,210	\$ 225,000	\$ 222,790	0.98%
Alliant Energy Corporation	12/12/2018	8,359	\$ 44.85	\$ 0.52	\$ 1,000	\$ 44.21	\$ 5,347	\$ 374,900	\$ 369,553	1.43%
Ameren Corporation	8/5/2019	7,549	\$ 74.30	\$ 0.12	\$ 750	\$ 74.08	\$ 1,656	\$ 560,906	\$ 559,250	0.30%
Ameren Corporation	9/9/2009	21,850	\$ 25.25	\$ 0.76	\$ 481	\$ 24.47	\$ 17,032	\$ 551,713	\$ 534,680	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	11/18/2019	28,750	\$ 86.45	\$ 0.46	\$ 592	\$ 85.97	\$ 13,817	\$ 2,485,438	\$ 2,471,621	0.56%
Duke Energy Corporation	3/1/2016	10,638	\$ 72.00	\$ 2.16	\$ 400	\$ 69.80	\$ 23,377	\$ 765,900	\$ 742,523	3.05%
Entergy Corporation	6/6/2018	15,282	\$ 75.25	\$ 0.80	\$ 650	\$ 74.41	\$ 12,876	\$ 1,150,000	\$ 1,137,124	1.12%
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	\$ 305	\$ 22.08	\$ 4,618	\$ 115,000	\$ 110,383	4.02%
IDACORP, Inc.	12/9/2004	4,025	\$ 30.00	\$ 1.20	\$ 300	\$ 28.73	\$ 5,130	\$ 120,750	\$ 115,620	4.25%
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%
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%
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.	10/30/2019	11,845	\$ 63.32	\$ 0.63	\$ 650	\$ 62.64	\$ 8,112	\$ 750,025	\$ 741,913	1.08%
Xcel Energy Inc.	11/7/2018	9,359	\$ 49.15	\$ 0.15	\$ 650	\$ 48.93	\$ 2,054	\$ 460,000	\$ 457,946	0.45%
							\$ 266,778	\$ 12,795,754	\$ 12,528,976	2.08%

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 0.9792, 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:

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

FLOTATION COST ADJUSTMENT

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	
Company	Ticker	Annualized Dividend	Stock Price	Dividend Yield	Expected Dividend Yield	Expected Div. 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	\$2.52	\$63.13	3.99%	4.10%	4.19%	5.00%	5.67%	6.00%	5.56%	9.66%	9.75%
Alliant Energy Corporation	LNT	\$1.61	\$58.59	2.75%	2.83%	2.89%	5.50%	6.10%	6.10%	5.90%	8.73%	8.79%
Ameren Corporation	AEE	\$2.20	\$86.40	2.55%	2.64%	2.70%	6.50%	7.90%	7.50%	7.30%	9.94%	10.00%
American Electric Power Company, Inc.	AEP	\$3.12	\$84.96	3.67%	3.78%	3.86%	6.50%	5.50%	5.70%	5.90%	9.68%	9.76%
Duke Energy Corporation	DUK	\$3.94	\$101.53	3.88%	3.98%	4.07%	7.00%	3.70%	5.30%	5.33%	9.32%	9.40%
Entergy Corporation	ETR	\$4.04	\$107.27	3.77%	3.85%	3.93%	3.00%	6.00%	n/a	4.50%	8.35%	8.43%
Eergy, Inc.	EVRG	\$2.29	\$66.43	3.45%	3.56%	3.63%	8.00%	5.12%	6.10%	6.41%	9.96%	10.04%
Hawaiian Electric Industries, Inc.	HE	\$1.36	\$40.28	3.38%	3.44%	3.51%	3.00%	1.30%	7.30%	3.87%	7.31%	7.38%
IDACORP, Inc.	IDA	\$3.00	\$109.22	2.75%	2.81%	2.86%	4.00%	4.40%	4.40%	4.27%	7.07%	7.13%
NextEra Energy, Inc.	NEE	\$1.54	\$89.80	1.71%	1.80%	1.84%	10.50%	9.95%	8.90%	9.78%	11.58%	11.62%
Pinnacle West Capital Corporation	PNW	\$3.40	\$67.33	5.05%	5.11%	5.22%	Nil	0.10%	5.00%	2.55%	7.66%	7.77%
Portland General Electric Company	POR	\$1.72	\$51.06	3.37%	3.50%	3.57%	7.00%	7.15%	8.60%	7.58%	11.08%	11.15%
Southern Company	SO	\$2.64	\$64.96	4.06%	4.18%	4.27%	6.00%	6.20%	4.90%	5.70%	9.88%	9.97%
Xcel Energy Inc.	XEL	\$1.83	\$66.39	2.76%	2.85%	2.91%	6.00%	6.90%	6.40%	6.43%	9.28%	9.34%
MEAN											9.25%	9.32%
											[12]	0.07%

Notes:

[1] Source: Bloomberg Professional

[2] Source: Bloomberg Professional, equals 30-day average as of December 31, 2021

[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]