Exhibit No.:

Issue: Return on Equity Witness: Samuel C. Hadaway

Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: KCP&L Greater Missouri Operations Company

Filed November 30, 2012

Data Center

Missouri Public

Service Commission

Case No.: ER-2012-0175

Date Testimony Prepared: October 10, 2012

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2012-0175

SURREBUTTAL TESTIMONY

OF

SAMUEL C. HADAWAY

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

Kansas City, Missouri October 2012

C-MO Exhibit No 116

Date 10-23-12 Reporter XF

File No ER-2012-0175

SURREBUTTAL TESTIMONY

OF

SAMUEL C. HADAWAY

Case No. ER-2012-0175

1		I. <u>INTRODUCTION AND SUMMARY OF RECOMMENDATIONS</u>
2	Q.	Please state your name and business address.
3	A.	My name is Samuel C. Hadaway. My business address is FINANCO, Inc., 3520
4		Executive Center Drive, Suite 124, Austin, Texas 78731.
5	Q.	Are you the same Samuel C. Hadaway who prefiled Direct and Rebuttal
6		testimony in this matter?
7	A.	Yes. I previously filed Direct and Rebuttal Testimony on behalf of KCP&L Greater
8		Missouri Operations Company ("GMO" or the "Company") in this matter.
9	Q.	What is the purpose of your Surrebuttal Testimony?
10	A.	The purpose of my Surrebuttal Testimony is to respond to the Rebuttal Testimony
11		concerning the return on equity ("ROE") filed by Missouri Public Service
12		Commission Staff ("Staff") witness David Murray. To the extent that I have
13		responded, in my Rebuttal Testimony to the arguments set forth by Mr. Murray, I will
14		note my previous responses and not comment further on those arguments.
15	Q.	Have the parties changed their initial ROE recommendations?
16	A.	Yes. Based on the updated analysis I presented in my Rebuttal Testimony, the
17		Company reduced its requested ROE from 10.4 percent to 10.3 percent. Mr. Murray

did not adjust his recommendation; he continues to recommend an ROE of 9.0 percent.

II. RESPONSE TO STAFF WITNESS MURRAY

4 Q. What is the primary focus of Mr. Murray's Rebuttal Testimony?

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Mr. Murray's primary focus remains entirely on the growth rate for the discounted cash flow ("DCF") models. Mr. Murray reiterates his ongoing position that all DCF growth rate estimates, other than his, are too high and, therefore, all the other parties' ROE estimates, which are consistently higher than his, are incorrect. Mr. Murray restates his same discredited historical "evidence" about utility growth rates from the 1960s to 1990s, concluding that investors should expect a growth rate of approximately 2.50%. See Murray Rebuttal Testimony at pages 11-12. Mr. Murray also restates his belief that if Gross Domestic Product ("GDP") growth is used, that rate should come from currently low government GDP estimates, which he concludes would support a growth rate of 4.3 percent. See Murray Rebuttal Testimony at page 13. Finally, apparently to show that even a 4.3 percent growth rate might be too high, Mr. Murray offers what he calls a Great Plains Energy "internal DCF analysis," which contains a growth rate of slightly over 2 percent. See Murray Rebuttal Testimony at page 15. This range of growth rates, 2 percent to 4.3 percent, with Mr. Murray's 4.1 percent projected dividend yield would produce a constant growth DCF range of 6.1 percent to 8.4 percent. My response to Mr. Murray's growth rates and the ROEs implied by his views is the same as in my Rebuttal Testimony: His views and the results of his analysis do not meet the "common sense" test that the Staff's

- 1 Revenue Requirement/Cost of Service Report ("Staff Report") initially called for.
- 2 Mr. Murray's analysis is not reliable and his recommendations should be rejected.

Q. Did Mr. Murray's growth rate discussion add any new information to the debate about what the long-term DCF growth rate should be?

A. No. As I explained in my Rebuttal Testimony on page 13, lines 11 through 21:

Mr. Murray's 3.5 percent rate is below the average rate of inflation in the U.S. economy over the past 60 years (3.7%) and only barely above the annual change in the GDP price deflator (3.4%). See Schedule SCH-11. I have consistently shown in my GDP growth estimates (Schedules SCH-4 and SCH-11) that the current GDP forecasts from the various government agencies use estimates of permanently low inflation and lower real growth rates that do not reflect the long-term U.S. economy. For Mr. Murray to rely on these low GDP growth rate forecasts, which are the product of the most severe economic downturn since the Great Depression of the 1930s, and then to select an even lower growth rate for his multi-stage DCF analysis is indicative of a biased and unrealistic approach.

Additionally, in his Rebuttal Testimony, Mr. Murray again attempts to misuse valuation data from "fairness opinions" and asset impairment tests to estimate investors' growth expectations. These are the very same kind of data from Mr. Murray's analysis that the Missouri Public Service Commission ("Commission") flatly rejected in prior Ameren Missouri rate case proceedings. See Case No. ER-2011-0028, Report and Order at 69-70 (July 13, 2012); Case No. ER-2010-0036, Report and Order at 20 (May 28, 2010). Mr. Murray's historical growth rate calculations are incorrect, and his use of analysts' and accountants' discount rates, which are often confidential and entirely unknown to the investing public, is inappropriate. As the Commission has in past cases, it should continue to reject Mr. Murray's inappropriate analysis.

- Q. At pages 5-6 of his Rebuttal Testimony, Mr. Murray says that four of your comparable companies should have been excluded. How do you respond?
- A. First, Mr. Murray acknowledges on page 5, lines 18-19 that he is "not focusing on Dr.

 Hadaway's proxy group for purposes" of his Rebuttal Testimony. As such, he

 provides no analysis or explanation of why our respective proxy groups are so

 different. Additionally, it is Mr. Murray who has a different proxy group; Mr.

 Gorman, Mr. Kahal, and I use the same group.

I disagree with the reasons Mr. Murray states for removing the four companies, because his reasons are *ad hoc* and could lead to "selectivity" criticism. While it is generally not possible to pick a perfect proxy group, to the extent that reasonable selection criteria are applied consistently and a reasonably large group is chosen, the results should not be significantly affected by additional details like those noted by Mr. Murray. Finally, as I explained in my Rebuttal Testimony DCF update, I evaluated the comparable group based on the most recent data and eliminated two of the four companies that Mr. Murray complains about. Those companies, Edison International and Vectren, were removed because they no longer met my selection criteria. Mr. Murray's comparable company comments are misplaced and should be disregarded.

- Q. At page 9 of his Rebuttal Testimony, Mr. Murray offers an example based on your GDP growth rate and the dividend yield for the S&P 500 Index. How do you respond to this example?
- A. In his example, Mr. Murray adds my imitial GDP growth rate estimate (5.8%) to the recent S&P 500 dividend yield (2.24%) to obtain a "yield plus growth" DCF estimate

for the S&P 500 of 8.04 percent. While his math is correct, his logic is entirely wrong. The simple, constant growth DCF model, which Mr. Murray uses for this purpose, should not be applied to the S&P 500 index. Many of the companies in the index currently pay little or no dividends, but they have (relative to GDP) very high expected growth rates. Under these circumstances, the DCF model cannot be applied without assuming a multi-stage growth approach, or by assuming that current analysts' growth rates are expected to be blended, at some point in the future, with lower perpetual growth rates and with, currently unknown, higher future dividend yields. A correct application of the DCF model and principles of finance to companies in the S&P 500 is much more complex than Mr. Murray's GDP growth plus current yield approach. His S&P 500 analogy is, therefore, inappropriate and misleading. As a result, Mr. Murray's conclusion that his example illustrates how my methodologies "defy" basic principles of finance should be disregarded.

A.

Q. What other parts of Mr. Murray's GDP discussion do you disagree with?

I additionally disagree with the second portion of Mr. Murray's GDP discussion, which appears on pages 9-10 of his Rebuttal Testimony. In this discussion, Mr. Murray mistakenly claims that GDP growth "... is often used for a company or an industry in its 'growth phase,' i.e., experiencing 'supernormal' growth." In fact, the opposite is true. In my Direct Testimony at page 38, I provided the following quotation from the well respected Brigham and Houston textbook:

Expected growth rates vary somewhat among companies, but dividends for <u>mature firms</u> are often expected to grow in the future at about the same rate as nominal gross domestic product (real GDP plus inflation). On this basis, one might expect the dividend of an <u>average</u>, or "normal," company to grow at a rate of 5 to 8 percent a year.

1 2		(Eugene F. Brigham and Joel F. Houston, Fundamentals of Financial Management, 11th Ed. 2007, page 298 [emphasis added].)
3		In addition to his misstatements about "supernormal" growth versus expected
4		growth for "mature" firms, Mr. Murray again refers to his flawed historical growth
5		rate studies to support his contentions.
6	Q.	On page 17-18, Mr. Murray criticizes your risk premium study. How do you
7		respond to these criticisms?
8	A.	Mr. Murray's criticisms of my analysis are misplaced. First, he says that my use of
9		allowed ROE data to interpret the market's required rate of return is of questionable
10		value. His opinion in this regard is exactly opposite of the Commission's opinion in
11		the July 2011 Ameren Missouri Report and Order:
12 13 14 15 16 17 18 19		The Commission mentions the average allowed return on equity not because the Commission should, or would slavishly follow the national average in awarding a return on equity to Ameren Missouri. However, Ameren Missouri must compete with other utilities all over the country for the same capital. Therefore, the average allowed return on equity provides a reasonableness test for the recommendations offered by the return on equity experts. (Case No. ER-2011-0028, Report and Order at 67, ¶ 12).
20		Additionally, Mr. Murray is incorrect in his criticism of my risk premium adjustment,
21		which accounts for the inverse relationship between risk premiums and interest rate
22		levels. My data, spanning the 1980-2011 timeframe, clearly demonstrate this inverse
23		relationship. See Schedules SCH-6 and SCH-13 at page 3 and Hadaway Rebuttal
24		Testimony at page 21, Graph 2. During periods of high interest rates, regulators have
25		allowed and investors have come to expect, lower risk premiums. Similarly, during
26		periods of low interest rates, risk premiums tend to expand. Mr. Murray's criticism
27		of this fundamental relationship is simply a further effort to reduce ROE in lockstep

with current, artificially low interest rates. Finally, Mr. Murray is incorrect in his criticism of my use of projected interest rates. I use both actual and projected rates in my risk premium analysis because investors are fully aware of both. The risk premium approach is an effort to gauge the cost of equity by reviewing debt costs and the relationship between debt costs and the cost of equity. Interest rate forecasts are an integral part of what investors expect and, therefore, such forecasts, along with existing actual interest rates, provide additional information about what investors expect their ROE to be. Mr. Murray's criticisms should be dismissed.

9 Q. In your Direct and Rebuttal Testimony, you provided the recently allowed rates 10 of return for other vertically integrated electric utilities. Has there been a 11 further update to those data?

Yes. On October 4, 2012, SNL Regulatory Research Associates published its 3rd Quarter Regulatory Focus, which contains the allowed rates of return from other commissions through September 30, 2012. Those results for the 3rd Quarter 2012, along with the quarterly averages for the past five years, are shown in Table 1 below:

Table 1
Authorized Equity Returns for Vertically-Integrated Electric Utilities

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18		2008	2009	2010	2011	2012_
19	1 st Quarter	10.49%	10.57%	10.59%	10.09%	10.30%
20	2 nd Quarter	10.48%	10.75%	10.18%	10.26%	9.95%
21	3 rd Quarter	10.48%	10.50%	10.32%	10.11%	9.90%
22	4 th Quarter	10.38%	10.59%	10.32%	10.39%	
23	Full Year Average	10.45%	10.63%	10.38%	10.24%	10.09%

Source: Regulatory Focus, SNL Regulatory Research Associates, Major Rate Case Decisions, October 4, and Schedule SCH-14.

Q. Does this conclude your testimony?

27 A. Yes, it does.

A.

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement General Rate Increase for Electric Service Case No. ER-2012-0175
AFFIDAVIT OF SAMUEL C. HADAWAY
STATE OF TEXAS)
COUNTY OF TRAVIS)
Samuel C. Hadaway, being first duly sworn on his oath, states:
1. My name is Samuel C. Hadaway. I am employed by FINANCO, Inc. in Austin,
Texas. I have been retained by Great Plains Energy, Inc., the parent company of KC&PL
Greater Missouri Operations Company, to serve as an expert witness on behalf of KC&PL
Greater Missouri Operations Company.
2. Attached hereto and made a part hereof for all purposes is my Surrebuttal
Testimony on behalf of KC&PL Greater Missouri Operations Company consisting of Seven
() pages, having been prepared in written form for introduction into evidence in the above-
captioned docket.
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that
my answers contained in the attached testimony to the questions therein propounded, including
any attachments thereto, are true and accurate to the best of my knowledge, information and
belief.
Samuel C. Hadaway
Subscribed and sworn before me this 09 day of October, 2012.
ANGELO FOADEY Notary Public STATE OF TEXAS My Comm. Exp. 08-11-2013 Notary Public
Notary I done

My commission expires: 8-11-2013

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1,000 General Electric Illuminality OH 10,50% No. Calone April 10,00% 10,0	1,000 General Eccic (librariality OH 10,95% No. Gales OH 10,95% No. Gales OH 10,95% No. Gales OH 10,95% No. Gales OH 10,95% OH 1	Ñ	Data Сотрапу	Slake	1	By Quarter	ā	20	8	\$	Total
1,000 Object Edition	1,000 Object Glaten	-	1/21/2009 Cleveland Electric Illuminating	В		Avg. ROE	10.06%	10.00%	10.44%	10.18%	10.159
1,000 1,00	2000 Public Service	7	1/21/2009 Ohio Edison	동	16.50%	No. Cases	4	7	2	7	무
Varietally-inflation Gas & Bechric IV 10.05% Varietally-inflation Gas & Bechric Varietally-inflation Gas & Bechric Varietally-inflation Gas & Bechric IV 10.05% App. Role 10.05% 40.00% App. Role Ap	Youngary Light Connection of New York VI 100% Varietally-the pract of United State Connection of New York VI 100% Varietally-the pract of United State Connection of New York VI 100% Varietally-the pract of United State Connection of New York VI 100% Po Cases 4 On The Ca	6	1/21/2009 Taledo Edison	동	10.50%						
1000% 1000	100 100	4	2/4/2009 United Illuminating	ರ	8.75%		>	Kally-Integ	rrated Utilit	les	
Mail	### 1.00% Avg ROCE = 10.00% Av	s	4/24/2009 Consolidated Edison of New York	ż	10.00%	By Quarter	ā	. 2	8	ð.	Total
1,000 Outco Escribe Escrib Children 1,000 Outco Escribe Ch	1,000 Check Chec	9	6/22/2009 Central Hudson Gas & Electric	Ż	10.00%	Avg. ROE	10.57%	10.75%	10.50%	10.59%	10.839
10.25% 1	10.00% 1	7	7/8/2009 Duke Energy Ohio	S	10.63%	No Cases	4	^	,	5	27
10.00% Min 10.35% More classes 1 1 1 1 1 1 1 1 1	Main Min	æ	8/31/2009 Oncor Flectric Delivery	ř	10.25%					?	i
10,00% Min Min 10,00% Min 10,00% Min Min 10,00% Min M	1,0,00% 1,0,	œ	11/30/2009 Mass El/Nantucket El.	Ā	10.35%			O	9880		
Min	Min	\$	12/20/20/00 Delmarca Douge & Light	5	10.00%	1000	ç	5		Ş	ļ
Main 8.73% Main	No. Cases 1 1 1 1 1 1 1 1 1	2		Ē	2000	ביים	30404	40.258	3	2	2
Main 8.735, Main 8.735	Win 8.735, Win 9.735, Win	Average	180		10.15%	JOE NO.		6.62.0	<	c	
Marc Cases Marc 10.45% Marc Cases Ma	Marie 16.57% By Chariter 10 20 30 40				0.750	Ogen	-	-	þ	5	•
Honor Highes Honor Hon	Honor Hono				40.62%			77.114			l
State ROE No. Cases State ROE	Act Colored			X C	*F9.01	0	,		100g	ç	
No. Cases O. Cases	No. Cases					By Charter	2	3	3	5	ota
No. Cases 10 10.50% 10	No. Cases 10 10.50% 10					NO.	%6Z:0L	10.55%	10.46%	10.54%	10.48
Veb Oklahoma OK 10.50%	Vector Childhoma	٤	Uate Company	State	ROE	No. Cases	6	10	3	17	8
10 10.50%	10 10.50%	-	1/14/2009 Public Service Oklahoma	ð	10.50%						
10.50%	10.50%	7	1/30/2009 Idaho Power	<u>_</u>	10.50%						
10.50% 1	10.80% 1	က	2/10/2009 Union Electric	윷	10.76%						
ew Orleans LA 11.10% Prover LG Electric RI 1289 Prover New Mexico NM 10.20% One & Electric AR 10.20% One T 10.20% In 10.50% Were Dever AR 10.20% In 10.40% I	Continue	4	3/4/2009 Indiana Michigan Power	Z	10.50%						
10.00	10 10 10 10 10 10 10 10	ĸ	APPONG Enterny Many Orleans	4	11 10%						
ectric Ges & Electric MN 10,24% Power MN 10,24% Wee New Mexico NM 10,50% Wee To	Control	9 4	4731/2000 GraitCom	<u> </u>	7 7						
Company	1.25	, ,	Arabianos Terras Electric	5 6	200 T						
10-0ver	10.000 1	- 6	Transport	2 3	MC2.11						
Glass & Electric AR 10.25%	10 class & Electric AR 10.25%	ю (5/4/2009 Minnesota Power	Z	10.74%						
10.50%	10.50%	6	5/20/2009 Oklahoma Gas & Electric	Ä	10.25%						
10.50%	10.30%	9	5/28/2009 Public Service New Mexico	Ž	10.50%						
10 10.50%	10 10.50%	Ξ	8/24/2009 Nevada Power	ž	10.80%						
2	10.85%	12	7/17/2009 Avista Corp.	₽	10.50%						
States Power-Minn	States Power-Minn 10.88%	13	10/14/2009 Cleco Power	5	10.70%						
10.70% 1	10,70% 10,40% 1	14	10/23/2009 Northern States Power-Minn	Z	10.88%						
Ilia Power CA 10.70%	Ilip Power CA 10.70%	15	11/2/2009 Consumers Energy	3	10.70%						
Ferrica Power AR 10.25%	February	1 4	11/2/2009 Sierra Dacific Down	4	10 70%						
Power No. 22579 Power No. 22579 Power No. 10,70% Power No. 10,70% Power No. 10,80% Power and Light Wil 10,40% Prower and Light Wil 10,40% Prower and Light Wil 10,40% Prower Alight No. 10,80% Min 10,20%	Power Enduals Tower No. 10,250 Minute Service No. 10,70% Units of Colorado Co. 10,50% Wint Units of Colorado Co. 10,50% Wint Units of Service No. 10,70% Wint	1 2	11/24/2000 Coultmonton Clouds Design	5 6	10.75%						
10.75%	10.25% 1	: ;	A LOS DOOD ONLY THE CHARLE FOR BY	5	20.20						
Util Canalinas NC 10,70% Util Canalinas NC 10,70% Util Canalinas NC 10,70% Util Canalinas NM 10,80% Util Canalinas NM 10,40% Whith 10,40% Whith 10,40% Whith 10,40% Whith 10,40% Whith Canalinas NM 11,50% Wh	No.	2 :	11/25/2009 Offer Latt Power	₹	10.75%						
10.054	100 100	5	12/7/2009 Duke Energy Carolinas	ž	10.70%						
10.00%	insula Power MI 10.80% Electric Power MI 10.40% Power and Light WI 10.40% Power and Light WI 10.40% All 10.40%	8	12/16/2009 Arizona Public Service	¥	11.00%						
Electric Power Wi 10.40%	Electric Power Wi 10.40%	2	12/16/2009 Upper Peninsula Power	3	10.90%						
10-wer and Light WI 10-40%	10-00-00-00-00-00-00-00-00-00-00-00-00-0	22	12/18/2009 Wisconsin Flectric Power	3	10 40%						
The control of the co	The control of the co	23	12/18/2000 Wiscopsin Daws and Light	3	70 40%						
Sas and Electric WM 10.40% States Power-Wisc WI 10.40% vice of Colorado CO 10.50% With 10.20% Max 11.25% Max 1	Sas and Electric WM 10.40% States Power-Wisc WI 10.40% vice of Colorado CO 10.50% With 10.40% With 10.40% When Cases State ROE State ROE Power & Light IA 10.10% fem Corp MT 16.25%	3 3		;	20000						
Ass and Electric Win 10.40% State Power-Wisc Win 10.40% Wice of Colorado CO 10.50% Min 10.20% Max 11.25%	Ass and Electric W 10.40% Silatas Power-Wisc W 10.40% vice of Colorado CO 10.50% vice of Colorado CO 10.50% Min 10.20% Max 11.25%	47	ZZZ/ZUUB AVISIA COID.		10.20%						
Sialas Power-Wisc Vi 10.40%	10.40%	52	12/22/2009 Madison Gas and Electric	₹	10.40%						
vice of Colorado CO 10.633% Min 10.20% Max 11.25% Wher Cases State ROE Power & Light IA 10.10% tern Corp MT 16.25%	10.639 1	56	12/22/2009 Northern States Power-Wisc	₹	10.40%						
Min 10.83% Max 11.25% Max 11	10.63% Min 10.63% Min 10.20% Min 11.25% Min 11.25% Min 11.25% Min Min 11.25% Min M	27	12/24/2009 Public Service of Colorado	8	10.50%						
10.63% Min 10.20% Max 11.25% Max 11.25% Max 11.25% Max 11.25% Max 10.10% Max 10.10% Max 10.25% Max 10.25% Max 10.25% Max 10.25% Max 10.25% Max Max 10.25% Max	Min 10.20% Max 11.25%										
Min 10.20% Max 11.25% What 11.25% When 11.25% State ROE Fower & Light IA 10.10% NOT 16.25%	Min 10.20% Max 11.25% Max 11.25% After Cases State ROE Power & Light IA 10.10% For Corp MT 10.25% 10.45%	Average	e Vartically-Integrated		10.63%						
Other Cases Company 2006 Interstate Power & Light 2000 NorthWestern Corp MT 16.25%	Other Cases Company 2008 hierstale Power & Light 2008 NorthWestern Corp MT 16.25% 10.10%	•	•	Š	10.20%						
Other Cases State ROE 2006 NorthWestern Corp Int 10.10% 2006 NorthWestern Corp MT 16.25%	Company State ROE 2008 hierstate Power & Light IA 10.10% MT 16.25%			Max	11.25%						
Company State ROE	Company State ROE 2008 horthWestern Corp MT 16.25%		į								
Company State ROE 2009 Interstate Power & Light IA 10.10% 2009 NorthWestern Corp MT 16.25%	Company State ROE 2009 Interstate Power & Light II 10,10% 2009 NorthWestern Corp MT 16,25%	1			- 1						
2009 NorthWestern Corp MT 10.25%	2009 NorthWeetern Corp MT 16.25%.	ş	Date Company	State	- 1						
2009 NorthWestern Corp MT 16.25%	2009 NorthWestern Corp MT 16.25%	-	2/4/2009 Interstate Power & Light	¥		1.					
'	1	2	5/20/2009 NorthWestern Corp	Ā							

Source: Regulatory Research Associates, "Major Rate Case Decisions, January 2008-December 2008," January 8, 2010.

10.48%

Average All Utilities for 2009

KCP&L Greater Missouri Operations Company Electric Utility ROE Cases (2010)

TAD Utilities and Vertically-Integrated Utilities State Utilities		Panel 1						Panel 2	2		
Tab Delition Tab		'&D Utilities and Vertically-Integ	prahed	Utilities			Summ	any of Res	ults by Q	uarter	
State ROE Company State ROE Company State ROE Company State ROE RO		TAD Utilities						TADU	Miles		
10 10 10 10 10 10 10 10	l	Company	State	2	Comment	By Ouarter	ā	g	g	đ	Total
100 100	1 2/9/2010	Narragensett Electric	æ	9.80%		Avg. ROE	3.86%	10.02%	10.00%	400.01	%85'6
10 10 10 10 10 10 10 10	2 3/2/2010	Potomac Electric Power	8	9.63%		No. Cases	m	0	7	-	\$
Carrol Control Light Laboration Labora	3 3/26/2010	Consolidated Edison of NY	ž	10.15%							
100 100	4 4/28/2010	Central Illinois Light	7	8.80%			7. *	cally-hateg	mated Unite	ī	
10,20% 1	5 4/29/2010	Centrel Illnois Public Service	4	10.08%		By Quarter	ā	20	g	\$	ě
March Marc	6 4/29/2010	Ilinois Power	_	10.26%		AMB. ROE	10.59%	10.18%	10.32%	10.32%	10.38
10 10 10 10 10 10 10 10	7 5/12/2010	Atlantic City Electric	7	10.30%		No. Cases	12	ß	6	=	3
2210 Carrier Februaries Carrier Selection Carrier 103 Carrier 10 20 40 40 40 40 40 40 40 40 40 40 40 40 40	8 5/12/2010	Rookland Electric	7	10.30%							
2010 Cartel Hotson Gas & Enchric NY 10,00% Py Cuarter 10 20 30 40	9 6772010	Public Service Electric & Ges	7	10.30%				Other	2000		
2010 David Shared of New Hampshire NH 9.57%, ROE 12.30%, 1.00%	10 6/18/2010	Central Hudson Gas & Electric	ž	10.00%		By Quarter	ā	20	g	40	Tota
v2010 Connectical Light & Power CT 9.4% No. Cases 2 0 0 V2010 Pervised Electric A. Grant Light & Cases NY 10.00%	11 6/28/2010	Public Service of New Hampshire	Ī	9.87%		ROE	12,30%				12.30
1000 1000	12 6/30/2010	Connecticut Light & Power	ರ	9.40%		No. Cases	7	0	•	0	~
V2010 Pochester Gas and Electric NY 10.00% By Quarter 1Q 2Q 3Q 4Q 4Q 4Z010 NorthWestern Corp. W2010 No. 10.00% 10.20%	13 9/16/2010	New York State Electric & Gas	ż	10.00%							
V2010 NorthWestern Corp. M.T 10.00% ROGE 10.00% 10.	14 9/16/2010	Pochester Gas and Electric	ž	10.00%				SIN	Miss		
ROE 10.96% 10.28% 10.38% 10.28% 10.38% 10.28% 10.38% 10.28% 10.28% 10.38% 10.28% 10.38% 10.28% 10.38	15 12/9/2010	NorthWestern Corp.	Ħ	10.00%		By Quarter	ā	g	g	4	Total
9.96% No. Cases 17 14 11 17						ROE	10.86%	10.08%	10.28%	10.30%	10.34%
	CT TED		•	3.86%	1	No. Cases	17	7	Ξ	17	8

_	3	171 1/2010 Detroit Edison	\$	977
2	1/19/2010	1/19/2010 Interstate Power & Light	4	10.00%
1 (*)	1/26/2010	1/26/2010 Pacificom	5	10.13%
4	1727/2010	1/27/2010 Wester Energy	Š	10.40%
'n	1/27/2010	1/27/2010 Kansas Gas & Electric	Š	10.40%
80	1/27/2010	1/27/2010 Ouke Energy Carolines	S	10.70%
7	2/18/2010	2/18/2010 PacifiCorp	5	10.60%
æ	2/24/2010	2/24/2010 Idaho Power	ĕ	10.18%
c)1	3/4/2010	3/4/2010 Kertucky Utilities	*	10.50%
9	3/5/2010	3/5/2010 Florida Power	ď	10.50%
=	3/11/2010	3/11/2010 Virginis Electric and Power	*	11.90%
12	3/17/2010	Florida Power & Light	ď	10.00%
5	47,72010	Pupet Sound Energy	¥	10.10%
7	5/26/2010	MDU Resources	È	10.00%
5	5/28/2010	5/28/2610 Union Electric	ŝ	10.10%
\$	6/23/2010	Enlergy Artertses	ş	10.20%
12	6/28/2010	Kentucky Power	₹	10.50%
₽	7/1/2010	7/1/2010 Wisconsin Electric Power	ï	10.25%
6	7/15/2010	7/15/2010 South Carolina Electric & Gas	S	10.70%
20	7/15/2010	7/15/2010 Appalachian Power	\$	10.53%
21	7/30/2010	7/30/2010 Meul Electric	Ī	10.70%
22	8/4/2010	8/4/2010 Black Hitle Colorado Electrio	8	10.50%
73	8/6/2010	Potomac Electric Power	£	8:83%
24	8/25/2010	N25/2010 Northern Indiana Public Service	Z	9:80%
52	9/14/2010	9/14/2010 Hawaiian Electric	Ī	10.70%
8	0/30/2010	9/30/2010 UNS Electric	Z	9.75%
27	10/14/2010	10/14/2010 Indiana Michigan Power	3	10.35%
28	10/28/2010	10/28/2010 Hawell Electric Light	Ξ	10.70%
8	11/2/2010	11/2/2010 Minnesota Power	Z	10.38%
93	11/4/2010	11/4/2010 Consumers Energy	3	10.70%
31	11/16/2010	11/19/2010 Avista Corp.	×	10.20%
32	11/22/2010	11/22/2010 Kansas City Power & Ught	Š	10.00%
33	12/1/2010	12/1/2010 Entergy Texas	×	10.13%
¥	12/8/2010	12/8/2010 Baltimore Gas & Electric	£	9:00%
32	12/15/2010	Interstate Power & Light	≤	30.0d%
8	12/13/2010	Dominion North Carolina Power	Š	10.70%
37	12/14/2010	PacifiCorp	ĕ	10.13%
*	12/17/2010	12/17/2010 Portland General Electric	8	10.00%
38	12/20/2010	12/20/2010 Sierra Pacific Power	ž	10.60%
\$	12/21/2010	1221/2010 Upper Peninsula Power	3	10.30%
Ŧ	12/27/2010	12/27/2010 PacifiCorp	0	%08.6
45	12/29/2010	12/29/2010 Georgia Power	3	11.16%
Average	Average Vertically-integrated	hiegrabed		40.10%
•		ı	Ē	8.75%
			į	11.90%
		Other Cases		
		Address of the	ŀ	

12,30%	Average Other
VA 12.30% Power plant only VA 12.30% Power plant only	1 3/1/2010 Virginia Electric and Power 2 3/1/2010 Virginia Electric and Power
	Company

KCP&L Greater Missouri Operations Company

2011)	
ROE Cases (2011)	
ty ROE	
Electric Utility I	
Elect	

T&D Utilities and Vertically-Integrated Utilities Siale ROE Comment		Panel 1						Panel 2	el 2		
Company Comp		T&D Utilities and Vertically-Inte	grated L	Hilities			Summ	ary of Re	sults by Q	uarter	
Company State ROE Comment By Questrer 10 20 30 40		T&D Utilities						TADU	tilities		
DE 10,00% Avg. ROE 9.81% 9.79% 9.73% 10,15%	ŝ		State	ROE	Comment	By Quarter	ā	20	g	40	Total
Variation Vari	L_	1/18/2011 Delmarva Power & Light Co.	ᆱ	10.00%		Avg. ROE	9.81%	9.79%	8.73%	10.15%	9.85%
10 10 10 10 10 10 10 10	~	1/20/2011 Niagara Mohawk Power Corp.	¥	9.30%		No. Cases	S	63	2	7	12
12011 Western Massachusetts Electric MA 980%	_	1/20/2011 Texas-New Mexico Power Co.	¥	10.13%							
10,00% 1	_	1/31/2011 Western Massachusetts Electric	MA	9.60%			Vert	ically-Integ	prented Utility	Cies	
Viscol 1 Unit Energy Systems		2/3/2011 CenterPoint Energy Houston	¥	10.00%		By Quarter	₽	g	g	đ	Tota
12011 Commonwealth Edition		4/28/2011 Unitil Energy Systems	¥	9.67%		Avg. ROE	10.09%	10.26%	10.11%	10.39%	10.24%
12011 Orange and Rockland Utilities NY 9,20% 120%	_	5/24/2011 Commonwealth Edison	=	10.50%		No. Cases	æ	٧	ιO	6	27
2011 Filethung Gas & Electric MA 9.20% 9.20% By Quarter 10 20 30 40 40	_	6/18/2011 Orange and Rockland Utilities	ž	9.20%							
N2011 Oncor Electric Delivery TX 10.25% By Quester 10 20 30 40	_	6/1/2011 Fitchburg Gas & Electric	¥	9.50%				Other	Cases		
No. Cases 12.30% ROE 12.30% 11.20% 12.20% 1	0	8/19/2011 Oncor Electric Delivery	ĭ	10.25%		By Quarter	ā	20	œ	4	Total
10.2011 Ohio Power	+	12/14/2011 Columbus Southern Power	동	10,00%		ROE	12.30%				12.30%
By Querter 10 20 30 40 By Querter 10 30 40 By Querter 10 30 40 By Querter 10 10 10 11 By Querter 10 10 11 By Querter 10 11	7	12/14/2011 Ohio Power	동	10.30%		No. Cases	7	0	0	0	74
9.20% By Quarter 10 20 30 40 (10.50% 10.10% 10.00% 10.34% 10.10% 10.00% 10.34% 10.00% 10.34% 10.00% 10.34% 10.00% 10.34% 11.	ĕ	e T&D	•	9.85%				All Ut	Ilties		
10.50% ROE 10.32% 10.12% 10.00% 10.34% No. Cases 13 10 7 11			Ş	9.20%		By Quarter	ā	20	30	4	Total
13			Max	10.50%		ROE	10.32%	10.12%	10.00%	10.34%	10.22%
						No. Cases	13	1	7	Ξ	ŧ

3	Date	Сопрапу	State	ROE
-	1/5/2011	Public Service Co. of OK	š	10.15%
0	1/12/2011	Madison Gas and Electric Co.	₹	10.30%
6	1/13/2011	Wisconsin Public Service Corp.	₹	10.30%
₹	2/25/2011	Hewaiian Electric Co.	Ī	10.00%
ιΩ	3/25/2011	PacifiCorp	ΜA	9.80%
8	3/30/2011	Appalachian Pwr/Wheeling Pwr	≩	10.00%
7	4/12/2011	Kansas City Power & Light	S	10.00%
æ	4/25/2011	Otter Tail Power Co.	Z	10.74%
6	4/27/2011	Southern Indiana Gas & Electric	Z	10.40%
9	5/4/2011	KCP&L Greater Missouri Op. (MPS)	õ	10.00%
-	5/4/2011	KCP&L Greater Missouri Op. (L&P)	œ	10.00%
12	6/8/2011	MDU Resources	ç	10.75%
13	6/17/2011	Oklahoma Gas & Electric	ΑK	9.95%
4	7/13/2011	Union Electric	S	10.20%
15	8/8/2011	Public Service Co. of New Mexico	ž	10.00%
16	8/11/2011	PacifiCorp	5	10.00%
4	8/12/2011	Interstate Power and Light	Z	10.35%
8	9/22/2011	PacifiCorp	≩	10.00
6	10/12/2011	Kentucky Utilities	\$	10.30%
50	10/20/2011	Detroit Edison	Ī	10.50%
7	11/30/2011	Appalachian Power	*	10.90%
52	11/30/2011	Virginia Electric and Power	\$	10.90%
23	12/20/2011	Upper Peninsula Power	3	10.20%
24	12/21/2011	Northern Indiana Public Service	ĸ	10.20%
25	12/22/2011	Black Hills Colorado Elec. Utility Co.	8	8.90%
28	12/22/2011	Northern States Power-Wisconsin	₹	10.40%
22	12/23/2011	Nevada Power	⋛	10.19%
FIRST	Average Verticaliv-Integrated	pregrated	•	10.24%
			5	80%

		Other Cases			
£	Date	Company	State	ROE	Comment
-	3/22/2011	Virginia Electric and Power	Υ,	12.30%	Power plant only
2	3/22/2011	Virginia Electric and Power	Υ,	12.30%	Power plant only
Average Other	Other		• '	12.30%	
Average	lverage All Utilkies for 2011	for 2011	•	10.22%	

Source: Regulatory Research Associates, "Major Rate Case Decisions" Jan 10, 2012.

KCP&L Greater Missouri Operations Company Electric Utility ROE Cases (2012)

		Panel 1						Pan	el Z		
		T&D Utilities and Vertically-Inte	grated (Itilities			Summ	ary of Re	sults by Q	uarter	
		T&D Utilities						T&D U	tilities		
No	Date	Company	State	ROE	Comment	By Quarter	1Q	2Q	3Q	4Q	Tota
1	5/29/2012	Commonwealth Edison	IL	10.05%		Avg. ROE		9.73%	9.67%		9.69
2	6/14/2012	Orange and Rockland Utilities	NY	9.40%		No. Cases	0	2	4		6
3	7/20/2012	Delmarva Power & Light	MD	9.81%							
4	7/20/2012	Potomac Electric Power	MD	9.31%							
5	9/19/2012	Ameren Illinois	IL	10.05%							
6	9/26/2012	Potomac Electric Power	DC	9.50%							
verag	e T&D		-	9.69%	-		Vert	ically-inter	grated Utilis	tles	
			Min	9.31%	-	By Quarter	1Q	2Q	3Q	4Q	Tota
			Max	10.05%		Avg. ROE	10.30%	9.95%	9.90%		10.05
						No. Cases	7	11	4		22
		Vertically-integrated Utilities			_	712. 04000	,		-		
No	Date	Сотрапу	State	ROE	<u>-</u>			Other	Cases		
1	1/25/2012	Duke Energy Carolinas	ŠÇ	10.50%		By Quarter	1Q	2Q	3Q	4Q	Tota
2	1/27/2012	Duke Energy Carolinas	NC	10.50%		ROE	11.60%				11.60
3		Indiana Michigan Power	MI	10.20%		No. Cases	5				5
4	2/23/2012	Idaho Power	OR	9.90%			_				
5	2/27/2012	Gulf Power	FL	10.25%		All Utilities					
6	2/29/2012	Northern States Power-Minnesota	ND	10.40%		By Ouarter	10	2Q	3Q	4Q	Tota
7		Northern States Power-Minnesota	MN	10.37%		ROE	10.84%	9.92%	9.78%		10.22
8	4/4/2012	Hawaii Electric Light	HI	10.00%		No. Cases	12	13	8		33
9		Public Service Co. of Colorado	co	10.00%							
10		Maui Electric Company	HI	10.00%							
11		Puget Sound Energy	WA	9.80%		Vertically-In	tegrated	Electrics	1		
12		Arizona Public Service	AZ	10.00%		4th Qtr 2011		10.39%	1		
13			MI	10.30%		1st Qtr 2012		10.30%	l		
14		Consumers Energy	WI	10.40%		2nd Qtr 201		9.95%	l		
15		! Wisconsin Power and Light	WY	9.60%		3rd Qtr 2012		9.90%	l		
16		! Cheyenne Light, Fuel and Power ! Northern States Power-Minnesota	SD	9.25%		Last 4-Qtr A		10.14%	Į.		
			MI	10.10%		Last 4-QU A	rs di selle	10.1476	ı		
17		Wisconsin Electric Power	114	10.00%							
18		Hawaiian Electric Company	OK	10.20%							
19		! Oklahoma Gaş & Electric	WY								
20		PacifiCorp	TX	9.80% 9.80%							
21 22		PacifiCom	UT	9.80% 9.80%							
22	9/19/2012	PacifiCorp	O1	3.00%							
verag	e Vertically-	Integrated		10.05%	-						
			Min	9.25%							
			Max	10.50%							
		Other Cases									
No	Date	Company	State	RQE	Comment						
1		Appalachian Power	VA	11.40%	Generation rider						
2		Virginia Electric and Power	VA	11.40%	Generation rider						
3		Virginia Electric and Power	VA	12.40%	Generation rider						
4		Virginia Electric and Power	VA	11.40%	Generation rider						
5	3/23/2012	Virginia Electric and Power	VA	11,40%	Generation rider						
verag	e Other			11.60%	-						
	e All Utllitles	s for 2012		10.22%							