

ROE ANALYSIS

Schedule 3

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SUMMARY OF RESULTS

<u>DCF</u>	<u>Average</u>	<u>Midpoint</u>
Value Line	10.0%	11.4%
IBES	10.0%	11.5%
Zacks	9.2%	10.0%
Internal br + sv	8.9%	10.2%
<u>CAPM</u>	10.4%	10.1%
<u>Empirical CAPM</u>	11.3%	11.1%
<u>Utility Risk Premium</u>		
Current Bond Yield	10.2%	
Projected Bond Yields	10.6%	
<u>Expected Earnings</u>	10.7%	11.4%

Cost of Equity Range	9.8%	--	10.8%
Flotation Cost Adjustment			
Dividend Yield		3.4%	
Flotation Cost Percentage		<u>3.0%</u>	
Adjustment		0.1%	
Recommended ROE Range	9.9%	--	10.9%