

WALLER LANSDEN DORTCH & DAVIS, PLLC

WALLER LANSDEN DORTCH & DAVIS PLLC
THE CHESAPEAKE BUSINESS CENTRE
1616 WESTGATE CIRCLE, SUITE 106
BRENTWOOD, TENNESSEE 37027-8019
(615) 844 6212

WALLER LANSDEN DORTCH & DAVIS LLP
AFFILIATED WITH THE PROFESSIONAL LIMITED LIABILITY COMPANY
520 SOUTH GRAND AVENUE, SUITE 800
LOS ANGELES, CALIFORNIA 90071
(213) 362-3680

NASHVILLE CITY CENTER
511 UNION STREET, SUITE 2700
POST OFFICE BOX 198966
NASHVILLE, TENNESSEE 37219-8966
(615) 244-6380
FAX (615) 244-6804
www.wallerlaw.com

WALLER LANSDEN DORTCH & DAVIS PLLC
809 SOUTH MAIN STREET
POST OFFICE BOX 1035
COLUMBIA, TENNESSEE 38402-1035
(931) 388 6031

D. Billye Sanders
(615) 850-8951
billye.sanders@wallerlaw.com

August 26, 2004

VIA HAND DELIVERY

Pat Miller, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37219

Re: Petition of Chattanooga Gas Company for Approval of Adjustment
of its Rates and Charges and Revised Tariff
Docket Number 04-00034
Late Filed Exhibit

Dear Chairman Miller,

Enclosed you will find the late filed exhibit of Dr. Morin in the above-referenced docket regarding floatation costs.

Sincerely,



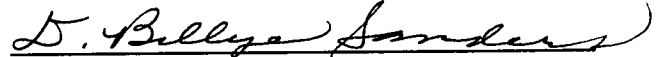
D. Billye Sanders
Attorney for Chattanooga Gas
Company

cc: Parties of Record
Archie Hickerson
Elizabeth Wade, Esq.
John Ebert, Esq.
Steve Lindsey

August 26, 2004
Page 2

CERTIFICATE OF SERVICE

I hereby certify that on this 26th day of August 2004, a true and correct copy of the foregoing document was delivered by hand delivery, email, facsimile or U.S. mail postage prepaid to the other Counsel of Record listed below.


D. Billye Sanders, Esq.

August 26, 2004

Page 3

Vance Broemel
Assistant Attorney General
Tim Phillips
Assistant Attorney General
Office of Attorney General
Consumer Advocate and Protection Division
2nd Floor
425 5th Avenue North
Nashville, TN 37243-0491
Timothy.Phillips@state.tn.us
Vance.Broemel@state.tn.us

Mailing address:
P.O. Box 20207
Nashville, TN 37202

David C. Higney, Esq.
Grant, Konvalinka & Harrison, P.C.
633 Chestnut Street, 9th Floor
Chattanooga, TN 37450-0900
423-756-8400 (phone)
423-756-0643 (fx)
dchigney@gkhpc.com

Henry M. Walker, Esq.
Boulton Cummings, Connors & Berry, PLC
414 Union Street, Ste 1600
Nashville, TN 37219
615-244-2582 (phone)
615-252-6380 (fax)
hwalker@boultoncummings.com

Dale Grimes, Esq.
Bass, Berry & Sims PLC
AmSouth Center
Suite 2700
315 Deaderick Street
Nashville, TN 37238
dgrimes@bassberry.com

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

AGENCY: Federal Energy Regulatory Commission, DOE.

18 CFR Part 37

Generic Determination of Rate of Return on Common Equity for Public Utilities

[Docket No. RM90-12-000]

56 FR 10

January 2, 1991

ACTION: Final rule.

SUMMARY: The Federal Energy Regulatory Commission (Commission) is issuing its seventh annual final rule determining the growth rate and flotation cost adjustment factors to be used in the quarterly indexing procedure during the year beginning February 1, 1991. A discounted cash flow (DCF) formula has been established to determine the average cost of common equity and a quarterly indexing procedure to calculate benchmark rates of return on common equity for public utilities. For this seventh annual proceeding, the Commission concludes that during the 12 months beginning February 1, 1991, the growth rate will be 4.3 percent and the appropriate flotation cost adjustment factor is 0.02 percent.

EFFECTIVE DATE: The final rule is effective January 25, 1991.

FOR FURTHER INFORMATION CONTACT:

For further technical information contact:

Marvin Rosenberg, Office of Economic Policy, Federal Energy Regulatory Commission, 825 N. Capitol Street NE., Washington, DC 20426, (202) 208-1283.

For further legal information contact:

MaryLou Lundin, Office of the General Counsel, Federal Energy Regulatory Commission, 825 N. Capitol Street NE., Washington, DC 20426, (202) 208-1243.

TEXT:

Order No. 532

Issued December 26, 1990.

SUPPLEMENTARY INFORMATION: In addition to publishing the full text of this document in the Federal Register, the Commission also provides all interested persons an opportunity to inspect or copy the contents of this document during normal business hours in room 3308, 941 North Capitol Street NE., Washington, DC 20426.

The Commission Issuance Posting System (CIPS), an electronic bulletin board service, provides access to the texts of formal documents issued by the Commission. CIPS is available at no charge to the user and

may be accessed using a personal computer with a modem by dialing (202) 208-1397. To access CIPS, set your communications software to use 300, 1200 or 2400 baud, full duplex, no parity, 8 data bits, and 1 stop bit. The full text of this final rule will be available on CIPS for 30 days from the date of issuance. The complete text on diskette in WordPerfect format may also be purchased from the Commission's copy contractor, La Dorn Systems Corporation, also located in room 3308, 941 North Capitol Street NE., Washington, DC 20426.

I. Introduction

The Federal Energy Regulatory Commission (Commission) is issuing its annual final rule determining the growth rate and flotation cost adjustment to be used in the quarterly indexing procedure during the year beginning February 1, 1991. The Commission has established a discounted cash flow (DCF) formula to determine the average cost of common equity for the jurisdictional operations of public utilities and a quarterly indexing procedure to calculate benchmark rates of return. n1 This is the seventh annual proceeding. n2 The Commission concludes that the growth rate to be used in the quarterly indexing procedure during the 12 months beginning February 1, 1991 will be 4.3 percent. The Commission also concludes that 0.02 percent is an appropriate flotation cost adjustment factor for that period. Benchmark rates of return determined through these procedures will remain advisory, as were those resulting from the previous six annual proceedings.

n 1 The terms "public utilities" and "electric utilities" are used interchangeably.

n 2 The annual proceedings were first established by Order No. 389, Generic Determination of Rate of Return on Common Equity for Electric Utilities, 49 FR 29,946 (July 25, 1984), FERC Statutes and Regulations, Regulations Preambles 1982-1985 para. 30,582 (July 18, 1984), *reh'g denied*, Order No. 389-A, 49 FR 46,351 (November 26, 1984). The first annual proceeding resulted in Order No. 420, 50 FR 21,802 (May 29, 1985), FERC Statutes and Regulations, Regulations Preambles 1982-1985 para. 30,644 (May 20, 1985), *reh'g denied*, Order No. 420-A, 50 FR 34,086 (August 23, 1985). The second annual proceeding resulted in Order No. 442, 51 FR 343 (January 6, 1986), III FERC Statutes and Regulations para. 30,677 (December 26, 1985), *reh'g granted in part, denied in part*, Order No. 442-A, 51 FR 22,505 (June 20, 1986). The third annual proceeding resulted in Order No. 461, 52 FR 11 (January 2, 1987), III FERC Statutes and Regulations para. 30,722 (December 24, 1986), *reh'g denied*, Order No. 461-A, 52 FR 5757 (February 26, 1987). The fourth annual proceeding resulted in Order No. 489, 53 FR 3342 (February 5, 1988), III FERC Statutes and Regulations para. 30,795 (January 29, 1988), *reh'g denied*, Order No. 489-A, 53 FR 11,991 (April 12, 1988). The fifth annual proceeding resulted in Order No. 510, 53 FR 51,752 (December 23, 1988), III FERC Statutes and Regulations para. 30,843 (December 19, 1988). The sixth annual proceeding resulted in Order No. 517, 55 FR 146 (January 3, 1990), III FERC Statutes and Regulations para. 30,871 (December 26, 1989). In Order No. 510, the Commission encouraged wider use of the generic rate of return in individual cases, citing several recent cases. See, e.g., Connecticut Light and Power, 43 FERC para. 61,508 at 62,264, 62,267 (June 22, 1988); *reh'g*, 45 FERC para. 61,370 (December 6, 1988); Yankee Atomic Electric Co., 40 FERC para. 61,372 at 62,210 (September 30, 1987), *reh'g* 43 FERC para. 61,232 (May 6, 1988); Ocean State Power, 44 FERC para. 61,261 (August 19, 1988); and Allegheny Generating Co., 44 FERC para. 61,436, at 62,380 (September 30, 1988).

II. Background

Section 205(a) of the Federal Power Act (FPA) requires that all electric rates subject to the jurisdiction of the Commission be "just and reasonable." n3 In the exercise of this statutory responsibility, the Commission sets rates of return on common equity that are fair to both utility ratepayers and utility stockholders. The allowed rate of return is now determined individually for each utility on a case-by-case basis.

may be accessed using a personal computer with a modem by dialing (202) 208-1397. To access CIPS, set your communications software to use 300, 1200 or 2400 baud, full duplex, no parity, 8 data bits, and 1 stop bit. The full text of this final rule will be available on CIPS for 30 days from the date of issuance. The complete text on diskette in WordPerfect format may also be purchased from the Commission's copy contractor, La Dorn Systems Corporation, also located in room 3308, 941 North Capitol Street NE., Washington, DC 20426.

I. Introduction

The Federal Energy Regulatory Commission (Commission) is issuing its annual final rule determining the growth rate and flotation cost adjustment to be used in the quarterly indexing procedure during the year beginning February 1, 1991. The Commission has established a discounted cash flow (DCF) formula to determine the average cost of common equity for the jurisdictional operations of public utilities and a quarterly indexing procedure to calculate benchmark rates of return. n1 This is the seventh annual proceeding. n2 The Commission concludes that the growth rate to be used in the quarterly indexing procedure during the 12 months beginning February 1, 1991 will be 4.3 percent. The Commission also concludes that 0.02 percent is an appropriate flotation cost adjustment factor for that period. Benchmark rates of return determined through these procedures will remain advisory, as were those resulting from the previous six annual proceedings.

n 1 The terms "public utilities" and "electric utilities" are used interchangeably.

n 2 The annual proceedings were first established by Order No. 389, Generic Determination of Rate of Return on Common Equity for Electric Utilities, 49 FR 29,946 (July 25, 1984), FERC Statutes and Regulations, Regulations Preambles 1982-1985 para. 30,582 (July 18, 1984), *reh'g denied*, Order No. 389-A, 49 FR 46,351 (November 26, 1984). The first annual proceeding resulted in Order No. 420, 50 FR 21,802 (May 29, 1985), FERC Statutes and Regulations, Regulations Preambles 1982-1985 para. 30,644 (May 20, 1985), *reh'g denied*, Order No. 420-A, 50 FR 34,086 (August 23, 1985). The second annual proceeding resulted in Order No. 442, 51 FR 343 (January 6, 1986), III FERC Statutes and Regulations para. 30,677 (December 26, 1985), *reh'g granted in part, denied in part*, Order No. 442-A, 51 FR 22,505 (June 20, 1986). The third annual proceeding resulted in Order No. 461, 52 FR 11 (January 2, 1987), III FERC Statutes and Regulations para. 30,722 (December 24, 1986), *reh'g denied*, Order No. 461-A, 52 FR 5757 (February 26, 1987). The fourth annual proceeding resulted in Order No. 489, 53 FR 3342 (February 5, 1988), III FERC Statutes and Regulations para. 30,795 (January 29, 1988), *reh'g denied*, Order No. 489-A, 53 FR 11,991 (April 12, 1988). The fifth annual proceeding resulted in Order No. 510, 53 FR 51,752 (December 23, 1988), III FERC Statutes and Regulations para. 30,843 (December 19, 1988). The sixth annual proceeding resulted in Order No. 517, 55 FR 146 (January 3, 1990), III FERC Statutes and Regulations para. 30,871 (December 26, 1989). In Order No. 510, the Commission encouraged wider use of the generic rate of return in individual cases, citing several recent cases. See, e.g., Connecticut Light and Power, 43 FERC para. 61,508 at 62,264, 62,267 (June 22, 1988); *reh'g*, 45 FERC para. 61,370 (December 6, 1988); Yankee Atomic Electric Co., 40 FERC para. 61,372 at 62,210 (September 30, 1987), *reh'g* 43 FERC para. 61,232 (May 6, 1988); Ocean State Power, 44 FERC para. 61,261 (August 19, 1988); and Allegheny Generating Co., 44 FERC para. 61,436, at 62,380 (September 30, 1988).

II. Background

Section 205(a) of the Federal Power Act (FPA) requires that all electric rates subject to the jurisdiction of the Commission be "just and reasonable." n3 In the exercise of this statutory responsibility, the Commission sets rates of return on common equity that are fair to both utility ratepayers and utility stockholders. The allowed rate of return is now determined individually for each utility on a case-by-case basis.

n3 16 U.S.C. 824d(a) (1988).

In July 1984, the Commission adopted procedures for the generic determination of a benchmark rate of return on common equity and for its application in individual cases. n4 The Commission has conducted six prior proceedings to determine the average cost of common equity for the jurisdictional operations of public utilities, and has made these benchmark rates of return advisory only. Benchmark rates are intended to provide guidance to parties in rate proceedings and to serve as a reference point for the Commission in setting allowed rates of return. The Commission again requests that all rate case participants, including staff, evaluate the reasonableness of the applicable benchmark rate of return in light of the special circumstances of the specific utility.

n 4 See *supra* note 2.

The Commission issued a Notice of Proposed Rulemaking (NOPR) on July 31, 1990, n5 initiating the seventh annual proceeding to establish the growth rate and flotation cost adjustment factors to be used in the quarterly indexing formula for the year beginning February 1, 1991. n6

n 5 55 FR 32,098 (August 7, 1990); IV FERC Statutes and Regulations para. 32,473 (July 31, 1990).

n 6 Comment were filed by American Electric Power Service Corporation (AEP); Boston Edison Company, El Paso Electric Company and Montaup Electric Company jointly (hereinafter, Boston); Edison Electric Institute (EEI); and Basil L. Copeland, Jr. (Copeland). In addition, comments were received from the Commission's Financial Analysis Branch, Office of Electric Power Regulation.

III. Discussion

In prior proceedings, the Commission established a DCF methodology for estimating the rate of return on common equity. That formula is:

$$k = (1 + .5g) y + g$$

where:

k = market required rate of return

y = current dividend yield (current annual dividend rate divided by current market price)

g = expected annual dividend growth rate

(1 + .5g) = dividend adjustment factor for quarterly dividend payments

A. Dividend Yield

The dividend yield used in this DCF formula is the median of the dividend yields of those companies that remain in a sample of utilities after application of certain screening criteria. The Commission begins with a group of publicly-traded electric utilities or combination companies that meet the following standards:

- (1) The utility is predominantly electric;
- (2) The stock of the utility is traded on either the New York or the American Stock Exchange;
- (3) The utility is included in the Compustat PC Utility data base; and
- (4) The utility is not excluded by the Commission based on a case-by-case determination that its data are unavailable or inappropriate. n7

n 7 Southwestern Public Service Company, which meets the first three standards, is excluded from the sample because its fiscal year does not end at the conclusion of a calendar quarter. This uncommon fiscal year causes its dividend yield to be out of step with the rest of the sample companies.

A list of the 98 public utilities to be used in the quarterly updates is included as Appendix A to this rule. n8

n 8 There are two changes from the sample of 98 utilities used in the sixth annual proceeding: (1) Northwestern Public Service (NPS) began trading on the New York Stock Exchange on May 8, 1990, and has been added to the sample; and (2) NECO Enterprises, Inc., (NPT) sold the Newport Electric Corporation in March 1990. Consequently, NECO Enterprises, Inc. has been dropped from the sample.

To compute the quarterly dividend yield the Commission excludes companies from the sample if:

- (1) The company's common stock is no longer publicly traded due to merger or other action;
- (2) The company has decreased or omitted a common dividend payment in the current or three prior quarters; or
- (3) The Commission determines on a case-by-case basis that some other occurrence has caused the dividend yield for that company to be substantially misleading, which biases the resulting quarterly average.

The quarterly dividend yield for each company is computed by dividing the dividend rate by the price. The dividend rate is the "indicated dividend rate," which is the last declared quarterly dividend multiplied by four. The price used in calculating the quarterly dividend yield is the simple average of the three monthly high and low prices for that utility for the quarter. The dividend yield used in the quarterly indexing procedure is the average of the two most recent quarterly median yields for the entire sample. n9

n 9 18 CFR 37.4 (1990).

B. Growth Rate

In the NOPR, n10 the Commission proposed to rely primarily on a fundamental analysis approach and to estimate the expected long-term constant growth rate, as it has in the prior proceedings. n11 In a fundamental analysis approach, the two underlying components of expected annual dividend growth (growth from retention of earnings and growth from sales of new common stock) are evaluated. Growth from retention of earnings, or "internal growth", is a function of the expected retention ratio, "b", and the expected earned rate of return on common equity, "r". Growth from sales of new common stock, or "external growth", is a function of the amount of stock expected to be sold in relation to the company's existing common equity, "s", and the expected price at which those sales are made relative to book value "v". The formula for estimating the growth rate based on this fundamental analysis is $g = br + sv$.

n 10 55 FR 32,098 (August 7, 1990); IV FERC Statutes and Regulations para. 32,473 (July 31, 1990).

n 11 See *supra* note 2.

The Commission also proposed to consider other data and methods for estimating the expected growth rate, including a two-stage growth analysis, primarily to check on the reasonableness of its growth rate determination based on the fundamental analysis. n12

n 12 The two-stage analysis involves separate evaluation of near-term and long-term dividend growth expectations.

Three commenters make growth rate recommendations, ranging from 3.3 percent by Copeland to 4.3 percent by both Boston and EEI. See Table 1. Table 2 presents the raw growth rate data on which the commenters relied. Based on its review and evaluation of the growth rate analyses submitted by the commenters in this proceeding, the Commission finds the expected growth rate for use in the quarterly indexing procedure during the 12 months beginning February 1, 1991 to be 4.3 percent.

Table 1. -- Summary of Growth Rate Recommendations

Commenter	Growth rate	Basis for recommendations
1. Boston	4.3	1. Historical EPS and DPS growth rates. 2. Projected fundamental analysis. 3. Analyst forecasts.
2. EEI	4.3	1. Historical EPS and DPS growth rates. 2. Base-year fundamental analysis. 3. Projected fundamental analysis. 4. Analyst forecasts.
3. Copeland	3.3	1. Historical EPS and DPS growth rates. 2. Base-year fundamental analysis. 3. Analyst forecasts.

Table 2. -- Raw Growth Rate Data

Rate(s)	Type of rate	Commenter
Historical DPS Growth Rates:		
3.70	5-year median	Boston.
3.08	5-year median	EEI.
3.40	5-year average	Copeland.
4.30	10-year median	Boston.
4.14	10-year median	EEI.
Historical EPS Growth Rates:		
3.60	5-year median	Boston.
3.97	5-year median	EEI.
1.40	5-year average	Copeland.
4.70	10-year median	Boston.
4.63	10-year median	EEI.
Historical Book Value Growth Rates:		
3.10	5-year average	Copeland.

Base-Year Fundamental Growth Rates:

	$(b)(r)+(s)(v)$	
4.31	4.12+0.19	Boston.
2.78	2.69+0.09	EEI.
3.15	2.54+0.61 ¹	Copeland.

Analyst Near-Term Forecasts:

4.0	I/B/E/S median	Boston.
3.5	I/B/E/S median	EEI.
3.4	Value Line DPS median	Boston.
3.5	Value Line DPS median	EEI.
3.1	Value Line DPS median	Copeland.
3.5	Value Line EPS median	Boston.
3.5	Value Line EPS median	EEI.
3.4	Value Line EPS mean	Copeland.
3.2	Value Line Book Value mean	Copeland.
3.0	Merrill Lynch DPS median	Boston.
4.3	Merrill Lynch EPS mean	Boston.
4.0	Salomon Brothers Normalized Growth	Boston.
3.9	Salomon Brothers Normalized Growth	EEI.

DPS -- Dividends per share.

EPS -- Earnings per share.

I/B/E/S -- Institutional Brokers Estimate System.

¹ This figure is revised from 0.8 in order to correct a mathematical error. See *infra* note 41.

1. Growth Rate Recommendations

a. *Boston's recommendation.* Boston recommends a growth rate of 4.3 percent, based on a combination of historical growth, fundamental analysis, and projections by analysts and investment advisory services.
13-14 n

n 13-14 Boston Comments at 6, 24.

For its fundamental growth rate analyses, Boston calculates the individual components of internal growth, "b" and "r", and external growth, "s" and "v". It computes the historical retention ratio, "b", of the Value Line Electric Utility Composite for the period 1980-1989. During 1989 the retention ratio was 25.8 percent. Over the past 10 years it averaged about 30 percent: in five of the ten years the retention ratio was less than 30 percent, and in the other five years it was greater than 30 percent.

Boston believes that the retention rate for electric utilities in the future will be higher than the current low level. First, it notes a tendency for retention rates to be low when utility earned returns are low and high when utility earned returns are high. This tendency coupled with a Value Line projection that earned

returns in 1992-1994 will be about 1.5 percentage points higher than in the current year; leads Boston to conclude that investors would expect a higher retention rate in the future. Second, Boston contends that most growth projections indicate that over the next several years growth in earnings will be greater than growth in dividends and consequently retention rates will increase.

Based on its review of historic retention ratios and its analysis of the projected direction of retention ratios, Boston concludes that a retention ratio of 30 percent for the electric utility industry is warranted. n15

n 15 *Id.* 13-16.

Boston bases its estimate of the expected return on equity, "r", on three factors. First, Boston examines the historic earned rates of return for the Value Line Electric Utility Composite from 1980 through 1989. It finds that the industry average earned rates of return between 1982 and 1987 fluctuated between 13.5 and 14.5 percent, with an average of 14.0 percent. The return declined to 12.3 percent in 1988, and still further to 11.9 percent in 1989. Second, Boston takes into consideration Value Line's projected return on equity for its Electric Utility Composite for the period 1992-1994 of 13.4 percent. n16 Third, Boston examines Value Line's projected return on equity for 82 electric utilities for 1993, and finds that the average of the projected median returns is 13.6 percent. Based on its analysis of historical earned returns and industry and company projections, Boston concludes that investors expect a 13.75 percent earned rate of return on common equity. n17

n 16 Boston states that it has converted Value Line's figure of 13.1 percent, which represents the return on year-end equity in 1992-1994, to that of 13.4, representing the return on average equity, by utilizing the formula $(2(1 + G)/(2 + G))$, where "G" is the growth rate in aggregate common equity). *Id.* at 15.

n 17 *Id.* at 16-17.

Next, using an expected retention ratio, "b", of 30 percent and an expected earned rate of return on average common equity, "r", of 13.75 percent, Boston calculates an internal growth rate for the industry of 4.12 percent. n18

n 18 *Id.*

Boston then estimates external growth, "sv". n19 First, Boston uses historical EEI data and Value Line projections to estimate the value of "s". Boston states that, according to the *1989 Financial Review* published by EEI, electric utility external financing was 0.85 percent of 1988 total common equity. Boston finds that the Value Line projections imply a value for "s" for the 1992-1994 period of about 0.60 percent. Boston states that utility construction programs, and, consequently, external financing, have recently been relatively low and that they may remain at low levels for the near future. However, Boston believes that in the longer term investors expect construction spending levels to revive, particularly in the wake of recently enacted clean air legislation. Based on this reasoning, Boston believes that 0.75 percent is a conservative estimate of investors' long-run expectations. n20

n 19 *Id.* at 17-21.

n 20 *Id.* at 19-20.

Second, Boston estimates the value of the "v" component to be 0.254. This estimate is based on a Value

Line 1992-1994 projection of 1.34 for the price-book ratio, which is calculated by multiplying the projected return on average equity of 13.4 percent by the projected price-earnings ratio of 10.0. n21 Thus having determined the values of "s" and "v", Boston's estimate of external growth, "sv", is 0.19 percent (0.0075×0.254). Total projected growth, the sum of the internal growth rate and the external growth rate, is 4.31 percent.

n 21 The "v" component is typically computed from the following formula:

$$v = 1 - [1 / (P/B)],$$

where:

P/B=Price-Book Ratio.

In addition, Boston provides another perspective by reviewing historical growth rates and near-term growth rate forecasts of earnings and dividends. Boston calculates the median 5-year and 10-year historical growth rates of earnings and dividends, using its 82-company sample. n22 Boston finds that for the ten years ending in 1989, the median dividend and earnings growth rates range from 4.3 percent to 4.7 percent. For the most recent five years the range is 3.6-3.7 percent.

n 22 See Boston Comments at appendix 7. The 10-year growth table reflects the years 1983-1989. The 5-year table covers the period from 1978 through 1989. Boston Comments at 10-11.

Boston asserts that the most recent 5-year historic growth rates underestimate investors' expectations of future growth. Boston argues that investors do not expect the large amounts of write-offs utilities incurred in recent years to continue, and therefore investors will discount historic growth rates (particularly the 5-year growth rates) in forming their expectations concerning future industry growth. Based on this historical perspective, Boston concludes that it would be conservative to expect a growth rate in the 4.0-4.5 percent range. n23

n 23 *Id.* at 12-13.

Boston also reviews near-term growth rate forecasts of earnings and dividends, examining forecasts made by several analysts and investment advisory services. In particular, Boston looks at: (1) Value Line's projections for earnings of 3.5 percent, and for dividends of 3.4 percent; (2) Merrill Lynch's projections for earnings of 4.3 percent, and for dividends of 3.0 percent; (3) I/B/E/S's projections for earnings of 4.0 percent; and (4) Salomon Brothers' projections for earnings and dividends of 4.0 percent. n24 Boston theorizes that investors today do not put much weight on growth projections below 4.0 percent, because such a growth level would imply that the cost of common equity is not much higher than the recent cost (yield) of Baa utility bonds. It concludes that 4.0 percent is the expected near-term growth rate. n25

n 24 *Id.* at 2-3.

n 25 *Id.* at 22-24.

Based on its analysis of historical, fundamental and projected growth rates, Boston concludes that an appropriate growth rate for the constant growth rate DCF analysis is 4.3 percent. Boston notes that this recommendation is the same as the 4.3 percent growth rate adopted by the Commission in Order Nos. 510 and 517, n26 and states that there is independent evidence that investors' growth expectations have not changed since then. In support of this contention, Boston states that (1) According to data in the

quarterly benchmark updates, dividend yields have declined by approximately 50 basis points during the four quarters ending June 1990 from June 1989 (7.91 percent to 7.43 percent); and (2) A-rated public utility bond yields have similarly declined for the year ending June 1990 from June 1989 (10.16 percent to 9.61 percent). n27 Boston believes that any change in the cost of common equity reflects changes in the general cost of money in the economy, not changes in investor growth expectations about utilities. It concludes that the declining dividend yields and the declining bond yields are a strong indication that the growth expectations for investors are about the same as they were in 1989.

n 26 See *supra* note 2.

n 27 Boston Comments at 24-25.

b. *EEI's recommendation.* EEI's recommendation of a growth rate of 4.3 percent is also based on a combination of historical growth, fundamental analysis and analysts' projections. n28

n 28 EEI Attachment A at 13.

EEI presents fundamental analyses using both base-year data and projections. Its base-year estimate of internal growth, "br", is derived from a sample of 89 utilities for the 12 months ending in each of the four quarters from June 1989 through March 1990. The average of the median internal growth rates of each utility is 2.69 percent. n29

n 29 *Id.* at 8. EEI estimates internal growth for each utility by multiplying a utility's retention ratio, "b", by its return on common equity, "r".

EEI's estimate of external growth, "sv", is 0.088 percent. Its estimate of the "s" component, the proportion of new stock issued, during the year ending June 1990, is 0.37 percent. This estimate is the ratio of the total value of the seven new public utility common stock issues during the period to the industry average common equity for the period. EEI's estimate of the "v" component of 0.237 is derived from the median price-book ratio of 1.31 for the companies in its sample of utilities. Adding EEI's base-year internal growth estimate to its external growth estimate produces an estimated base-year growth rate of 2.8 percent. n30

n 30 T3Id. at 9-11.

EEI's projection of fundamental internal growth is 4.0 percent, and is derived from Value Line projections of retention growth for 1992-1994 and 1991-1993. n31 EEI projects external growth as 0.3 percent. Its projection of "s" is 1.2 percent, based on EEI's own estimates of industry construction expenditures and projected common stock equity balances for the period 1990-1993. n32

n 31 *Id.* at 9.

n 32 *Id.* at 10.

EEI's projection of the "v" component, 0.254, is based on Value Line's projected price-book ratio of 1.34 for the period 1992-1994. EEI calculated "v" by multiplying the projected return on average equity of 13.4 percent by the projected price-earnings ratio of 10.0. n33

n 33 *Id.* at 10.

EEI compares its base-year growth rate (2.8 percent) and projected fundamental growth rate (4.3 percent), and concludes that investors may have expectations of significant dividend growth over the base year. n34

n 34 *Id.* at 11.

EEI also reviews historical data as well as projections of near-term growth rates of earnings and dividends, historical payout ratios and return on equity. It calculates the five and ten-year median growth rates of earnings and dividends for a sample of 89 utilities. For the ten years ending in 1989 the median earning and dividend growth rates were about 3.8 percent. For the five years ending in 1989 the median earning and dividend growth rates were 1.5 and 2.89 percent, respectively. n35

n 35 *Id.* at 3-4.

EEI suggests that these historical growth rates may be poor indicators of investor expectations about future industry growth. EEI states that historical growth rates reflect the substantial negative growth rates in per share earnings and dividends experienced by some utilities during the period. EEI suggests that some of the negative growth is the result of one-time events, such as write-offs due to FASB-90 and FASB-92, and do not reflect long-term financial trends. EEI concludes that investors are unlikely to expect continued negative growth rates in the utility industry, and, therefore, caution should be exercised in using such growth rates as indicators of investors' expectations about future industry growth. n36

n 36 *Id.* at 3-5.

EEI proceeds to recalculate five and ten-year growth rates, excluding negative growth rates in earnings and dividends. It finds ten-year growth rates of earnings and dividends of 4.63 and 4.14, and five-year growth rates of 3.97 and 3.08 percent. EEI asserts that utilizing historical data that excludes negative growth rates provides a better basis for estimating future growth rates, since, according to EEI, it is unlikely that investors expect continued negative growth. n37

n 37 *Id.* at 4-5.

Finally, EEI reviews near-term growth rate forecasts of earnings and dividends of three analysts and investment advisory firms: (1) Value Line projects earnings of 3.5 percent, and dividends of 3.5 percent; (2) Salomon Brothers projects a five-year "normalized" growth rate for both earnings and dividends of 3.9 percent; and (3) I/B/E/S projects earnings of 3.5 percent. n38

n 38 *Id.* at 11-12.

Based on the above analyses, EEI concludes that investors expect an average future growth rate of 4.3 percent. Noting that the Commission adopted a 4.3 percent growth rate in Order No. 517, EEI states that it believes that this rate is generally consistent with other projections and with historical growth rates. n39

n 39 *Id.* at 13.

c. *Copeland's recommendation.* Copeland recommends a growth rate of 3.3 percent on the basis of historical growth, base year fundamental analysis and Value Line projections. His fundamental analysis growth rate, 3.1 percent, is based primarily on base-year values. The fundamental analysis uses a sample of 85 utilities and Value Line projections of growth in industry capital. n40

n 40 *Id.* at Copeland Comments at 2-5.

Copeland estimates an average base-year retention ratio, "b", of 20 percent, and an average base-year return on equity, "r", of 12.7 percent. Copeland's values for "b" and "r" generate an internal growth estimate, "br", of 2.54 percent. Copeland's estimate of the "v" component, 0.24, is derived from a base-year average price-book ratio of 1.32. n41 his estimate of the "s" component relies on Value Line's projected growth in total industry capital, 2.5 percent, for the years 1990 through 1994. Copeland's values for "s" and "v" yield an external growth estimate, "sv", of 0.6 percent. n42

n 41 The Commission's analysis indicates that Mr. Copeland's calculation of "v" is incorrect. He converted the pricebook ratio to "v" by subtracting one from the price-book ratio. The correct formula, *see supra* note 21, yields a value for "v" of 0.24.

n 42 Copeland Comments at 4-5.

Copeland's growth analysis also relies on historical and projected growth rates. He finds that average 5-year growth rates of earnings and dividends are 1.4 and 3.4 percent. Copeland recognizes, as do Boston and EEI, that historical growth rates are relevant only to the extent that investors expect them to continue into the future. n43

n 43 *Id.* at 4.

Copeland then turns to projections of earnings and dividends made by Value Line for each of the 85 utilities in his sample, and finds that the average projected growth rates are 3.4 and 3.1 percent. Copeland focuses on Value Line's projections for dividend growth, comparing the 5-year historical average, 3.4 percent, to the projected average of 3.1 percent, and concludes that it is unlikely that investors expect projected growth to be greater than recent historical experience. n44

n 44 *Id.*

2. Fundamental Analysis

Three commenters, Boston, EEI, and Copeland present detailed fundamental analyses. All estimate the fundamental internal growth rate, "br", through its individual components, which are the retention rate, "b", and expected earned rate of return on common equity, "r".

a. *Earnings Retention Rate ("b") Analysis.* Boston and Copeland present estimates of the earnings retention rate, "b" (1 minus the payout ratio). Boston finds that retention rates during 1989 were 25.8 percent. It also finds that: (1) During the past 10 years the retention ratio averaged about 30 percent; and (2) for half of the ten-year period the ratio was above 30 percent, and for the other half of that period it was below 30 percent. n45 Finally, Boston anticipates higher industry earned returns. Boston

asserts that because there is a tendency for high retention ratios to be associated with high earned rates of return, the retention rate for electric utilities will be higher in the future than the current low level. Boston concludes that a 30 percent retention rate is appropriate. n46

n 45 Boston Comments at 15-16.

n 46 *Id.* at 16.

In the past four proceedings the Commission used a 30 percent projected retention rate in its calculations. As just noted, Boston's projection is 30 percent. n47 Copeland considered only recent historical data, and suggests a payout ratio of 20 percent. n48 The Commission believes that investor expectations are based on more than historical data, and, therefore, the Commission would require additional analysis to support Copeland's use of historical data as the sole basis of investor expectations. The Commission concludes that the evidence supports a continuation of a long-term expected earnings retention rate of 30 percent.

n 47 *Id.*

n 48 Copeland Comments at 5.

b. *Expected earned rate of return on common equity ("r") analysis.* Boston's analysis of investors' expected earned rate of return on equity "r" is 13.6 percent. n49 Copeland, using a historical base-year analysis, determines that the average industry return on equity is 12.7 percent. n50

n 49 Boston Comments at 16-17.

n 50 Copeland Comments at 5.

Boston examines historical and projected earned returns on equity. Its historical analysis covers the ten-year period 1980-1989. Boston analyzes two projections of earned returns. Boston's first analysis is based upon Value Line's industry composite (1992-1994), and Boston's second analysis is based upon its own sample of 89 electric companies (1993). The projected return on average equity for the composite is 13.4 percent, and the projected return for the sample is 13.6 percent. On the basis of its analyses, Boston concludes that investors expect an earned return on equity of approximately 13.75 percent. n51

n 51 Boston Comments at 16-17.

Based on its analysis, the Commission believes that 13.6 percent represents a reasonable expected earned rate of return on common equity for public utilities at this time.

Copeland found that in the recent past the industry earned returns that averaged at 12.7 percent. As previously stated, the Commission will not accept historical data as the sole basis for projecting investor expectations without additional analysis. EEI does not evaluate the components of internal growth separately, as do the other commenters. Its base-year value for the growth from retained earnings, "br", of 2.69 percent is a utility's average retention rate "b" multiplied by its earned return "r". Its projected internal growth rate of 4.0 percent is based on Value Line projections. Based on the determinations of "b" and "r" discussed above, the Commission's estimate of "br", derived from these separate estimates, is 4.08 (0.30 x 0.136).

This determination is consistent with EEI's projected internal growth rate of 4.0 percent.

c. *Proportion of new stock expected to be issued ("s") analysis.* The Commission adopts an "s" value, i.e., the proportion of new stock expected to be issued, of 0.75 percent. The commenters' base-year estimates of "s" range from 0.2 percent (Copeland) ⁿ⁵² to 0.85 percent (EEI). EEI's near-term projection is 1.2 percent. Boston presents a long-term forecast of 0.75 percent. The variation found in the commenters' projected values of "s" reflects an underlying uncertainty about industry construction plans for the future. Several commenters suggest that such factors as the recently enacted clean air legislation will raise construction expenditures above their currently low levels.

^{n 52} Copeland's projection of 2.5 percent is rejected, because it represents total capital rather than common equity. The value of "s" represents the portion of the common equity growth rate attributable to the sale of new common stock. Common equity does not normally grow at the same rate as total capital, and "s" does not normally grow at the same rate as total common equity.

Because the use of the constant growth model requires evaluation of estimates of long-term industry trends, the Commission is inclined to place less weight on base-year estimates, and, as the Commission did in Order No. 517, place more weight on Boston's long-term projection of "s", 0.75.

d. *Expected price of new common stock financing relative to book value ("v") analysis.* The Commission adopts a "v" value (the expected price of new common stock financing relative to its book value) of 0.248.

Three commenters (Boston, EEI and Copeland) project price-book value ratios in the narrow range of 1.31 to 1.34. The Commission finds that there is little distinction between the projections, and chooses the average 1.33 (equivalent to a "v" of 0.248). The resulting value of "sv" is 0.19 percent (0.0075×0.248).

e. *Total fundamental growth ("br+sv") analysis.* Based on the above analysis, the Commission estimates that total fundamental growth "br+sv" is 4.27 percent ($0.30 \times 0.136 + 0.0075 \times 0.248$).

3. Other Growth Rate Estimates

Boston, EEI and Copeland submit historical growth rates of dividends and of earnings per share. These historical growth rates vary from 1.4 percent (5-year growth of earnings per share) to 4.7 percent (10-year growth of earnings per share); the majority range between 3.4 and 4.3 percent. The Commission is reluctant to place much weight on these estimates. First, both Boston and EEI suggest that the low growth rates are due to one-time writeoffs to earnings and dividend reductions. ⁿ⁵³ In addition, the Commission believes that historical growth rates provide only a reference point, and that further evidence is needed before they can be considered as investor expectations of the future.

^{n 53} Boston Comments at 8-12; EEI Attachment A at 4.

Analysts' near-term forecasts vary from 3.0 to 4.3 percent. ⁿ⁵⁴ This range is virtually the same as in the previous year.

^{n 54} Boston would not place much weight on growth projections below 4.0 percent because growth at this low level would imply that the cost of common equity is "not much above" the cost of BAA utility bonds. Boston Comments at 23-24.

4. Conclusion

It is the Commission's judgment after a review of the commenters' analyses and its own analysis developed above, that investor expectations concerning long-term growth have not appreciably changed

since the last annual generic benchmark rate of return proceeding. n55 The Commission is in agreement with Boston and EEI on this point. Thus, the expected annual dividend growth rate factor of 4.3 percent remains appropriate for use in the quarterly indexing procedure for the 12 months beginning February 1, 1991. The Commission reaches this conclusion primarily on the basis of the fundamental analysis approach.

n 55 Order No. 517, 55 FR 146 (January 3, 1990); III FERC Statutes and Regulations para. 30,871 (December 26, 1989).

C. Flotation Costs

Utilities incur flotation costs when they sell new shares of common stock. These relatively small costs include issuance costs, which are composed of both underwriters' compensation and such out-of-pocket expenses as legal and printing fees. Flotation costs are not included elsewhere in a utility's cost of service and are therefore included in the calculation of the allowance on common equity.

The Commission continues its policy of calculating an industry average adjustment to the required rate of return in order to compensate utilities for issuance costs only. The Commission also continues its policy of estimating the adjustment to the required rate of return for flotation costs using the following formula:
n56

n 56 See, e.g., Order Nos. 420, 442, 461, 489, 510 and 517.

$$k^* = \frac{fs}{(1+s)}$$

where:

k^* =flotation cost adjustment to required rate of return

f =industry average flotation cost as a percentage of offering price

s =proportion of new common equity expected to be issued annually to total common equity

Both commenters' estimates of average flotation cost as a percentage of offering price, " f ", are 3.20 percent. n57 The Commission finds the analysis of EEI to include the most comprehensive set of new issues, and the Commission adopts EEI's estimated 3.20 percent value of " f " in deriving the value of the flotation cost adjustment " k^* ".

n 57 Boston Comments at 26; EEI Attachment A at 14.

The Commission determined in the growth rate section above that the expected proportion of new common equity issued annually, " s ", should be 0.75 percent. Applying the 3.20 percent estimate of issuance costs, " f ", and the 0.75 percent estimate of new equity financing, " s ", to the above formula, n58 the Commission finds the flotation cost adjustment for use in the quarterly indexing procedure to be 0.02 percent, or 2 basis points.

n 58 Flotation cost adjustment =

$$\frac{0.0320 \times 0.0075}{1.0075} = 0.0002$$

D. The Utility of the Benchmark Rate of Return

Commenters continue to express their concern with what they consider to be the mechanical nature of the Commission's generic benchmark rate of return procedures. EEI and AEP repeat recommendations made in previous annual rate of return proceedings n59 that the Commission consider abandoning the generic benchmark procedures. n60 EEI argues that despite the Commission's stated goals for the use and applicability of advisory generic rates of return, the benchmark rate of return determination remains a largely meaningless exercise. n61 AEP argues that the reasonableness of the rate of return should be judged by the reasonableness of the rate that is determined, not only the methods used, and that the return must be sufficient to maintain the credit and support the capital attraction capability of the industry and individual companies. n62

n 59 EEI Comments at 4-6; AEP Comments at 1-7.

n 60 Although AEP does not specifically state that it believes the Commission should abandon the benchmark procedure, such sentiment is implicit in AEP's statement that even though the Commission did not request comments in the 1990 NOPR as to the appropriateness of the continuation of the procedure:

Nevertheless, because we believe the generic rate of return procedure as presently employed is seriously flawed, we are concerned that silence may suggest that our reservations have diminished. They have not. Indeed, one additional year's accumulated experience reinforces our prior conclusions.

AEP Comments at 3.

n 61 The commenters in particular express concern that the Commission has not met its stated goal of an annual comprehensive examination of the financial condition of the electric power industry, even though "during this period, the financial risks faced by the electric utility industry have intensified as a result of new regulatory pressures, added emphasis on purchased power, prudence proceedings, environmental challenges, and even bankruptcy." EEI Comments at 2.

n 62 AEP Comments at 2. More specifically, AEP states that it does not believe that such judgment can be replaced by mechanical computations, and that the experience and opinions of the people involved in the raising of capital should be given at least as much weight as the Commission's theoretical model.

EEI asserts that the current generic benchmark rate of return proceedings do not provide for any in-depth examination of the financial outlook for the electric utility industry, despite the widely recognized rapid and dramatic changes in the industry over the past several years. n63 EEI contends that the generic returns, if widely used, would produce unreasonable results, and would thus prove to be unworkable. n64

n 63 EEI Comments at 4-5.

n 64 *Id.* at 7.

EEI argues further that the single generic benchmark rate of return produced by the generic return proceedings systematically and substantially understates the appropriate average cost of common equity. EEI bases its conclusion on: (1) The exclusive dependence on the constant growth DCF model, which EEI asserts fails to adequately capture investor expectations; (2) the use of the median dividend yield rather than the arithmetic mean; and (3) the failure to distinguish properly between nominal and effective interest rates. n65

n 65 *Id.* at 5-6.

The Commission has responded to these same arguments in prior annual generic benchmark rate of return proceedings. The commenters have not presented any new evidence or arguments to justify the Commission's changing its position. The Commission reiterates its belief that the generic benchmark rate of return provides several desirable benefits, including more accurate and consistent Commission decisions among companies and for the same company over time. The Commission continues to believe that the use of the generic benchmark rate of return will ultimately result in significant cost savings. The Commission remains confident that, as use of the generic benchmark rate of return broadens, its utility will become more evident.

E. Advisory Status of Generic Rate of Return

EEI repeats the recommendation it made in prior annual generic benchmark rate of return proceedings that if the Commission will not abandon the generic benchmark rate of return procedures, the benchmark rate of return should remain advisory.

In prior annual generic benchmark rate of return proceedings, the Commission considered whether it should continue to use the generic rate of return on an advisory basis or as a rebuttable presumption and decided that the generic rates will remain advisory. At this time, the generic benchmark rate of return will continue to remain advisory.

IV. Regulatory Flexibility Act Statement

The Regulatory Flexibility Act n66 requires the Commission to describe the impact that a rule will have on small entities or to certify that the rule will not have a significant economic impact on a substantial number of small entities. Nearly all of the jurisdictional utilities that would be affected by this final rule are too large to be considered "small entities" within the meaning of the Act. n67 Accordingly, the Commission certifies that this rule will not have a significant economic impact on a substantial number of small entities.

n 66 5 U.S.C. 601-612 (1988).

n 67 The Act defines a "small entity" as a small business, a small not-for-profit enterprise or a small governmental jurisdiction 5 U.S.C. 601(b) (1988). A "small business" is defined by reference to section 3 of the Small Business Act, as an enterprise which is "independently owned and operated" and which is not dominant in its field of operation. 15 U.S.C. 6.32(a) (1988).

V. National Environmental Policy Act

Commission regulations require that an environmental assessment or an environmental impact statement be prepared for a Commission action that may have a significant effect on the human environment. n68 The Commission has categorically excluded certain actions from these requirements as not having a significant effect on the human environment. n69 The Commission has found that matters affecting rates

for the purchase or sale of electricity are not major federal actions that have a significant environmental impact. n70 The generic benchmark rate of return is a factor considered in the determination of electric rates. Thus, no environmental assessment or environmental impact statement is necessary for the requirements of this final rule.

n 68 Regulations Implementing National Environmental Policy Act, Order No. 486, 52 FR 47,897 (December 17, 1987); III FERC Statutes and Regulations para. 30,783 (December 10, 1987), *codified at* 18 CFR part 380 (1990).

n 69 *Id.*, *codified at* 18 CFR 380.4 (1990).

n 70 *Id.*, *codified at* 18 CFR 380.4(a)(15) (1990).

VI. Paperwork Reduction Act

The Paperwork Reduction Act n71 and Office of Management and Budget's (OMB's) regulations n72 require that OMB approve certain information collection requirements imposed by agency rule. The final rule in this proceeding does not impose any information collection requirement. Therefore, the Commission is not submitting this rule to OMB for review or approval.

n 71 44 U.S.C. 3301-3520 (1988).

n 72 5 CFR 1320.13 (1990).

VII. Timing of Quarterly Updates and Effective Date of Rule

The generic benchmark rates of return established through the Commission's quarterly indexing procedure will generally be published on or before the fifteenth of the month following the close of calendar quarters.

The first quarter will run from February 1 to April 30, the second quarter from May 1 to July 31, the third quarter from August 1 to October 31, and the fourth quarter from November 1 to January 31.

This rule will be effective January 25, 1991.

List of Subjects in 18 CFR Part 37

Electric power rates, Electric utilities, Reporting and recordkeeping requirements.

By the Commission.

Linwood A. Watson, Jr.,

Acting Secretary.

Appendix A. -- Public Utilities Used in Quarterly Updates

Utility	Ticker symbol	Industry code
----------------	----------------------	----------------------

Allegheny Power System	AYP	4911
American Electric Power	AEP	4911
Atlantic Energy Inc	ATE	4911
Baltimore Gas & Electric	BGE	4931
Black Hills Corp	BKH	4911
Boston Edison Co	BSE	4911
Carolina Power & Light	CPL	4911
Centerior Energy Corp	CX	4911
Central & South West Corp	CSR	4911
Central Hudson Gas & Electric	CNH	4931
Central Louisiana Electric	CNL	4911
Central Maine Power Co	CTP	4911
Central Vermont Public Service	CV	4911
Cilcorp Inc.	CER	4931
Cincinnati Gas & Electric	CIN	4931
CIPSCO Inc	CIP	4931
CMS Energy Corp	CMS	4931
Commonwealth Edison	CWE	4911
Commonwealth Energy System	CES	4931
Consolidated Edison of NY	ED	4931
Delmarva Power & Light	DEW	4931
Detroit Edison Co	DTE	4911
Dominion Resources Inc	D	4931
DPL Inc	DPL	4931
DQE Inc	DQE	4911
Duke Power Co	DUK	4911
Eastern Utilities Association	EUA	4911
Empire District Electric Co	EDE	4911
Entergy Corp	ETR	4911
Fitchburg Gas & Electric Light	FGE	4931
Florida Progress Corp	FPC	4911
FPL Group Inc	FPL	4911
General Public Utilities	GPU	4911
Green Mountain Power Corp	GMP	4911
Gulf States Utilities Co	GSU	4911
Hawaiian Electric Inds	HE	4911
Houston Industries Inc	HOU	4911
I E Industries Inc	IEL	4931
Idaho Power Co	IDA	4911
Illinois Power Co	IPC	4931
Interstate Power Co	IPW	4931
Iowa Resources Inc	IOR	4911
Iowa-Illinois Gas & Electric	IWG	4931
IPALCO Enterprises Inc	IPL	4911
Kansas City Power & Light	KLT	4911
Kansas Gas & Electric	KGE	4911
Kansas Power & Light	KAN	4931

Kentucky Utilities Co	KU	4911
LG&E Energy Corp	LGE	4931
Long Island Lighting	LIL	4931
Maine Public Service	MAP	4911
Midwest Energy Co	MWE	4931
Minnesota Power & Light	MPL	4911
Montana Power Co	MTP	4931
Nevada Power Co	NVP	4911
New England Electric System	NES	4911
New York State Electric & Gas	NGE	4931
Niagara Mohawk Power	NMK	4931
Nipsco Industries Inc	NI	4931
Northeast Utilities	NU	4911
Northern States Power -- MN	NSP	4931
Northwestern Public Service Co	NPS	4931
Ohio Edison Co	OEC	4911
Oklahoma Gas & Electric	OGE	4911
Orange & Rockland Utilities	ORU	4931
Pacific Gas & Electric	PCG	4931
Pacificorp	PPW	4931
Pennsylvania Power & Light	PPL	4911
Philadelphia Electric Co	PE	4931
Pinnacle West Capital	PNW	4911
Portland General Corp	PGN	4911
Potomac Electric Power	POM	4911
PSI Resources Inc	PIN	4911
Public Service Co. of Colorado	PSR	4931
Public Service Co. of NH	PNH	4911
Public Service Co. of N Mexico	PNM	4931
Public Service Enterprise	PEG	4931
Puget Sound Power & Light	PSD	4911
Rochester Gas & Electric	RGS	4931
San Diego Gas & Electric	SDO	4931
Scana Corp.	SCG	4931
Scecorp	SCE	4911
Sierra Pacific Resources	SRP	4931
Southern Co	SO	4911
Southern Indiana Gas & Electric	SIG	4931
St. Joseph Light & Power	SAJ	4931
Teco Energy Inc	TE	4911
Texas Utilities Co	TXU	4911
TNP Enterprises Inc	TNP	4911
Tucson Electric Power Co	TEP	4911
Union Electric Co	UEP	4911
United Illuminating Co	UIL	4911
Unitil Corp	UTL	4911
Utilicorp United Inc	UCU	4931

Washington Water Power	WWP	4931
Wisconsin Energy Corp	WEC	4931
Wisconsin Public Service	WPS	4931
WPL Holdings Inc	WPH	4931

[FR Doc. 90-30553 Filed 12-31-90; 8:45 am]

BILLING CODE 6717-01-M

Service **Get by LEXSEE®**
Citation **56 FR 10**
View Full
Date/Time: Thursday, August 26, 2004 - 3 29 PM EDT

[About LexisNexis](#) | [Terms and Conditions](#)

[Copyright ©](#) 2004 LexisNexis, a division of Reed Elsevier Inc All rights reserved