

FINAL COLORADO ELECTRIC AND INDEPENDENT POWER PRODUCERS COST OF CAPITAL RATE(S) FOR TAX YEAR 2011

COMPANY & INDUSTRY	TICKER	DCF MODEL			CAPM MODEL				EQUITY RATE USED	PERCENT COMMON EQUITY	PERCENT DEBT RATE	PERCENT TOTAL DEBT	PERCENT PREF'D RATE	PERCENT PREF'D STOCK	CAP RATE
		EXPECTED GROWTH RATE	DIVIDEND YIELD	EQUITY RATE	VALUE LINE BETA	EX ANTE EQUITY RATE	EX POST EQUITY RATE	AVERAGE EQUITY RATE							
<b>ELECTRIC INDUSTRY (EL/ER)</b>															
Allegheny Energy	AYE	4.00%	2.46%	6.46%	0.95	12.78%	10.50%	11.64%	11.64%	47.51%	5.96%	52.49%	n/a	0.00%	8.66%
ALLETE	ALE	1.00%	4.71%	5.71%	0.70	10.51%	8.82%	9.66%	9.66%	62.04%	5.82%	37.96%	n/a	0.00%	8.20%
Alliant Energy	LNT	7.00%	4.48%	11.48%	0.70	10.51%	8.82%	9.66%	10.57%	56.10%	5.96%	40.55%	6.68%	3.35%	8.57%
Amer. Elec. Power	AEP	3.00%	5.10%	8.10%	0.70	10.51%	8.82%	9.66%	8.88%	51.73%	5.82%	48.09%	6.68%	0.18%	7.41%
Ameren Corp.	AEE	-2.50%	5.49%	2.99%	0.80	11.42%	9.49%	10.45%	10.45%	47.55%	5.96%	51.08%	6.68%	1.37%	8.11%
Avista Corp.	AVA	8.50%	4.67%	13.17%	0.70	10.51%	8.82%	9.66%	11.42%	52.78%	5.96%	47.22%	n/a	0.00%	8.84%
Black Hills	BKH	4.50%	4.84%	9.34%	0.80	11.42%	9.49%	10.45%	9.90%	49.74%	5.96%	50.26%	n/a	0.00%	7.92%
Gen. Vermont Pub. Serv.	CV	2.00%	4.16%	6.16%	0.75	10.96%	9.16%	10.06%	10.06%	62.02%	6.10%	36.17%	6.68%	1.81%	8.57%
CenterPoint Energy	CNP	3.00%	5.08%	8.08%	0.80	11.42%	9.49%	10.45%	9.27%	44.58%	5.67%	55.42%	n/a	0.00%	7.27%
CH Energy Group	CHG	4.50%	4.38%	8.88%	0.65	10.05%	8.49%	9.27%	9.07%	60.43%	5.44%	37.93%	6.68%	1.64%	7.66%
Cleco Corp.	CNL	9.50%	3.49%	12.99%	0.65	10.05%	8.49%	9.27%	11.13%	61.02%	5.96%	38.95%	6.68%	0.03%	9.11%
CMS Energy Corp.	CMS	10.00%	4.48%	14.48%	0.75	10.96%	9.16%	10.06%	12.27%	40.60%	7.39%	58.97%	6.68%	0.43%	9.37%
Consol. Edison	ED	2.50%	4.82%	7.32%	0.65	10.05%	8.49%	9.27%	8.29%	55.89%	5.44%	43.26%	6.68%	0.85%	7.05%
Constellation Energy	CEG	7.00%	3.12%	10.12%	0.80	11.42%	9.49%	10.45%	10.29%	57.50%	5.96%	40.73%	6.68%	1.76%	8.46%
Dominion Resources	D	6.50%	4.59%	11.09%	0.70	10.51%	8.82%	9.66%	10.38%	59.99%	5.73%	39.38%	6.68%	0.62%	8.52%
DPL Inc.	DPL	7.00%	4.93%	11.93%	0.60	9.60%	8.15%	8.87%	10.40%	75.87%	5.73%	23.56%	6.68%	0.57%	9.28%
DTE Energy	DTE	6.50%	5.07%	11.57%	0.75	10.96%	9.16%	10.06%	10.81%	52.00%	5.96%	48.00%	n/a	0.00%	8.48%
Duke Energy	DUK	5.00%	5.56%	10.56%	0.65	10.05%	8.49%	9.27%	9.91%	58.16%	5.44%	41.84%	n/a	0.00%	8.04%
Edison Int'l	EIX	-1.00%	3.41%	2.41%	0.80	11.42%	9.49%	10.45%	10.45%	47.44%	5.96%	49.13%	6.68%	3.42%	8.12%
EI Paso Electric	EE	7.50%	0.00%	7.50%	0.75	10.96%	9.16%	10.06%	8.78%	57.99%	6.80%	42.01%	n/a	0.00%	7.95%
Empire Dist. Elec.	EDE	7.50%	5.78%	13.28%	0.70	10.51%	8.82%	9.66%	11.47%	57.15%	5.67%	42.85%	n/a	0.00%	8.99%
Entergy Corp.	ETR	2.00%	4.77%	6.77%	0.70	10.51%	8.82%	9.66%	8.22%	51.50%	5.96%	47.26%	6.68%	1.24%	7.13%
Exelon Corp.	EXC	-3.00%	5.06%	2.06%	0.85	11.87%	9.83%	10.85%	10.85%	69.26%	5.67%	30.53%	6.68%	0.22%	9.26%
FirstEnergy Corp.	FE	-2.00%	5.91%	3.91%	0.80	11.42%	9.49%	10.45%	10.45%	48.25%	6.99%	51.75%	n/a	0.00%	8.66%
G't Plains Energy	GXP	4.50%	4.46%	8.96%	0.75	10.96%	9.16%	10.06%	9.51%	45.50%	5.96%	53.82%	6.68%	0.68%	7.58%
Hawaiian Elec.	HE	11.50%	5.41%	16.91%	0.70	10.51%	8.82%	9.66%	13.29%	58.87%	5.82%	40.19%	6.68%	0.94%	10.22%
IDACORP Inc.	IDA	5.50%	3.23%	8.73%	0.70	10.51%	8.82%	9.66%	9.20%	54.96%	5.36%	45.04%	n/a	0.00%	7.47%
Integrus Energy	TEG	11.00%	5.57%	16.57%	0.90	12.33%	10.16%	11.24%	13.91%	64.99%	5.82%	34.12%	6.68%	0.89%	11.08%
ITC Holdings	ITC	13.00%	2.21%	15.21%	0.80	11.42%	9.49%	10.45%	12.83%	56.04%	5.96%	43.96%	n/a	0.00%	9.81%
MGE Energy	MGEE	4.00%	3.49%	7.49%	0.65	10.05%	8.49%	9.27%	8.38%	75.55%	5.12%	24.45%	n/a	0.00%	7.58%
MDU Resources	MDU	6.00%	3.22%	9.22%	1.05	13.70%	11.17%	12.43%	10.83%	72.43%	5.44%	27.29%	6.68%	0.28%	9.34%
NextEra Energy	NEE	5.50%	4.04%	9.54%	0.75	10.96%	9.16%	10.06%	9.80%	55.16%	5.44%	44.84%	n/a	0.00%	7.84%
NiSource	NI	7.50%	4.90%	12.40%	0.85	11.87%	9.83%	10.85%	11.62%	46.81%	6.80%	53.19%	n/a	0.00%	9.06%

\* Electrics: if DCF Equity rate, NMF or below 6.5; then CAPM used exclusively for Equity Rate.

FINAL COLORADO ELECTRIC AND INDEPENDENT POWER PRODUCERS COST OF CAPITAL RATE(S) FOR TAX YEAR 2011

COMPANY & INDUSTRY	TICKER	DCF MODEL			CAPM MODEL				EQUITY RATE USED	PERCENT COMMON EQUITY	DEBT RATE	PERCENT TOTAL DEBT	PERCENT PREF'D RATE	PERCENT PREF'D STOCK	CAP RATE	
		EXPECTED GROWTH RATE	DIVIDEND YIELD	EQUITY RATE	VALUE LINE BETA	EX ANTE EQUITY RATE	EX POST EQUITY RATE	AVERAGE EQUITY RATE								
<b>ELECTRIC INDUSTRY CON'T.</b>																
Northeast Utilities	NU	7.50%	3.43%	10.93%	0.70	10.51%	8.82%	9.66%	10.30%	52.35%	5.97%	46.56%	6.68%	1.08%	8.24%	
NorthWestern Corp	NWE	6.33%	4.68%	11.01%	0.70	10.51%	8.82%	9.66%	10.34%	49.79%	5.68%	50.21%	n/a	0.00%	8.00%	
NSTAR	NST	7.00%	4.02%	11.02%	0.65	10.05%	8.49%	9.27%	10.14%	64.68%	6.57%	34.69%	6.68%	0.64%	8.88%	
NV Energy Inc.	NVE	6.50%	3.41%	9.91%	0.85	11.87%	9.83%	10.85%	10.38%	38.35%	6.54%	61.65%	n/a	0.00%	8.01%	
OGE Energy	OGE	6.50%	3.26%	9.76%	0.75	10.96%	9.16%	10.06%	9.91%	65.17%	6.80%	34.83%	n/a	0.00%	8.83%	
Otter Tail Corp.	OTTR	5.50%	5.25%	10.75%	0.95	12.78%	10.50%	11.64%	11.19%	64.21%	5.96%	34.56%	6.68%	1.23%	9.33%	
Peppo Holdings	POM	0.50%	5.90%	6.40%	0.80	11.42%	9.49%	10.45%	10.45%	53.20%	5.67%	46.72%	6.68%	0.08%	8.22%	
PG&E Corp.	PCG	6.00%	3.98%	9.98%	0.55	9.14%	7.82%	8.48%	9.23%	61.41%	5.82%	37.77%	6.68%	0.83%	7.92%	
Pinnacle West Capital	PNW	6.00%	5.06%	11.06%	0.70	10.51%	8.82%	9.66%	10.36%	56.54%	5.82%	43.46%	n/a	0.00%	8.39%	
PNM Resources	PNM	19.50%	3.79%	23.29%	0.95	12.78%	10.50%	11.64%	17.46%	41.68%	6.83%	57.90%	6.68%	0.42%	11.26%	
Portland General	POR	3.00%	4.87%	7.87%	0.75	10.96%	9.16%	10.06%	8.96%	47.47%	5.96%	52.53%	n/a	0.00%	7.39%	
PPL Corp.	PPL	3.00%	5.34%	8.34%	0.70	10.51%	8.82%	9.66%	9.00%	58.30%	5.67%	40.55%	6.68%	1.15%	7.62%	
Progress Energy	PGN	3.50%	5.70%	9.20%	0.60	9.60%	8.15%	8.87%	9.04%	51.87%	5.82%	47.75%	6.68%	0.38%	7.49%	
Public Serv. Enterprise	PEG	2.00%	4.46%	6.46%	0.80	11.42%	9.49%	10.45%	10.45%	66.38%	5.96%	33.62%	n/a	0.00%	8.94%	
SCANA Corp.	SCG	3.50%	4.71%	8.21%	0.70	10.51%	8.82%	9.66%	8.94%	57.20%	5.96%	42.80%	n/a	0.00%	7.66%	
Sempra Energy	SRE	0.00%	3.15%	NFM	0.85	11.87%	9.83%	10.85%	10.85%	60.22%	5.96%	38.93%	6.68%	0.85%	8.91%	
Southern Co.	SO	4.50%	4.91%	9.41%	0.55	9.14%	7.82%	8.48%	8.94%	61.16%	5.96%	36.78%	6.68%	2.06%	7.80%	
TECO Energy	TE	8.00%	4.72%	12.72%	0.85	11.87%	9.83%	10.85%	11.78%	53.57%	5.96%	46.43%	n/a	0.00%	9.08%	
UIL Holdings	UIL	3.50%	5.75%	9.25%	0.70	10.51%	8.82%	9.66%	9.46%	67.85%	5.82%	32.15%	n/a	0.00%	8.29%	
UniSource Energy	UNS	14.00%	4.32%	18.32%	0.70	10.51%	8.82%	9.66%	13.99%	49.59%	6.55%	50.41%	n/a	0.00%	10.24%	
UNITIL Corp.	UTL	5.00%	6.05%	11.05%	0.50	8.69%	7.48%	8.08%	9.57%	46.04%	5.73%	53.59%	6.68%	0.37%	7.50%	
Vectren Corp.	VVC	4.50%	5.40%	9.90%	0.70	10.51%	8.82%	9.66%	9.78%	56.50%	5.67%	43.50%	n/a	0.00%	7.99%	
Westar Energy	WR	8.50%	4.99%	13.49%	0.75	10.96%	9.16%	10.06%	11.77%	49.89%	5.67%	49.73%	6.68%	0.38%	8.72%	
Wisconsin Energy	WEC	9.50%	3.56%	13.06%	0.65	10.05%	8.49%	9.27%	11.16%	63.26%	5.96%	36.46%	6.68%	0.28%	9.25%	
Xcel Energy Inc.	XEL	5.50%	4.37%	9.87%	0.65	10.05%	8.49%	9.27%	9.57%	54.71%	5.82%	44.76%	6.68%	0.53%	7.88%	
<b>AVERAGES</b>		Beta Industry Average			0.74				10.47%	56.01%	5.95%	43.46%	6.68%	0.53%		
<b>CAP RATE CALCULATION</b>		Not Applied				<b>AVERAGE</b>			<b>10.47%</b>	<b>60.00%</b>	<b>5.95%</b>	<b>39.00%</b>	<b>6.68%</b>	<b>1.00%</b>	<b>=</b>	<b>8.67%</b>
						<b>MEDIAN</b>			10.35%	56.07%	5.96%	43.48%	6.68%	0.20%	=	8.41%
									<b>SELECTED RATE</b>						<b>8.67%</b>	
* Electrics: if DCF Equity rate, NMF or below 6.5; then CAPM used exclusively for Equity Rate.																
<b>INDEPENDENT POWER PRODUCERS (EN)</b>																
AES Corp.	AES	7.50%	0.00%	7.50%	1.20	15.06%	12.17%	13.62%	13.62%	35.09%	8.57%	64.91%	n/a	0.00%	10.34%	
Calpine Corp	CPN	17.40%	0.00%	17.40%	1.20	15.06%	12.17%	13.62%	13.62%	37.12%	9.13%	62.88%	n/a	0.00%	10.79%	
Constellation Energy	CEG	7.00%	3.12%	10.12%	0.80	11.42%	9.49%	10.45%	10.45%	57.50%	5.96%	40.73%	6.68%	1.76%	8.56%	
Dynergy, Inc.	DYN	0.00%	0.00%	NFM	1.55	18.25%	14.52%	16.38%	16.38%	21.50%	11.50%	78.50%	n/a	0.00%	12.55%	
Mirant Corporation	MIR	0.00%	0.00%	NFM	1.05	13.70%	11.17%	12.43%	12.43%	45.81%	8.79%	54.19%	n/a	0.00%	10.46%	
NRG Energy	NRG	3.50%	0.00%	3.50%	1.20	15.06%	12.17%	13.62%	13.62%	25.93%	8.04%	35.25%	6.68%	38.82%	8.96%	
RRI Energy	RRI	0.00%	0.00%	NFM	1.65	19.16%	15.19%	17.17%	17.17%	50.41%	8.73%	49.59%	n/a	0.00%	12.99%	
<b>AVERAGES</b>		Beta Industry Average			1.24				13.90%	39.05%	8.67%	55.15%	6.68%	5.80%		
<b>CAP RATE CALCULATION</b>		Not Applied				<b>AVERAGE</b>			<b>13.90%</b>	<b>60.00%</b>	<b>8.67%</b>	<b>40.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>=</b>	<b>11.81%</b>
						<b>MEDIAN</b>			13.62%	37.12%	8.73%	54.19%	0.00%	0.00%	=	9.78%
									<b>SELECTED RATE</b>						<b>11.81%</b>	
* No Valueline sheet for Calpine, Mirant Corporation, and RRI Energy. Information from year-end download only																

\* - Please see attached pages for debt ratings.

**COLORADO COST OF CAPITAL FOR TAX YEAR 2011**

**RISK PREMIUM CALCULATION**

	<u>Yr-End</u>
EX ANTE MARKET RISK (Rm) (1)	13.24%
SAFE RATE (Rf) (2)	4.13%
EX ANTE RISK PREMIUM (Rp) (3)	9.11%
EX POST RISK PREMIUM (4)	6.70%
EX ANTE CAPM FORMULA	4.13% + (beta x 9.11%)
EX POST CAPM FORMULA	4.13% + (beta x 6.70%)

EQUALIZATION FACTOR

2011 ASSESSMENT YEAR 99.00%

- (1) See page 5 of the narrative summary.  
 (2) 20-year constant maturity - Federal Reserve statistical release date Jan. 3, 2011 (December 31, 2010).  
 (3) Difference between (1) - (2).  
 (4) Long-horizon expected equity risk premia, Risk Premia over Time Report: 2010 Yearbook, Ibbotson Associates.

**Bloomberg - S & P Data**

CORPORATE BOND YIELD INDEX-BY RATING: AAA-B  
**YIELD AVERAGE - Year-End December 2010 (20 year bonds)**  
 \*S & P Bond Ratings: Statistical Survey: CCC to C

Extremely Strong	Very Strong	Strong Capacity	Adequate Capacity	More Risk	More Risk	More Risk	More Risk *	High Risk *	Recovery Unlikely *
AAA	AA	A	BBB	BB+	BB/BB-	B	CCC	CC	C
4.92%	5.12%	5.36%	5.82%	6.99%	7.56%	8.79%	12.60%	21.99%	28.56%

\* C - Extrapolated, insufficient data from percent change from last year spread from CC to C.

**Mergent Bond Guide**

**PREFERRED STOCK RATINGS**  
**YIELD AVERAGE - Year-End December 2010**  
 (Mergent Bond Guide, January 2011 - page 210)

High Grade	Upper-Med. Grade	Medium Grade
Aa	A	Baa
---	5.83%	6.68%

**Mergent Bond Guide**

**CORPORATE BY RATINGS - Year-End December 2010**  
 PUBLIC UTILITY BONDS - Year-End December 2010  
 INDUSTRIAL BONDS - Year-End December 2010  
 (Mergent Bond Guide, January 2011 - page 495)  
 \*Mergent Bond Rating: Statistical Survey: Ba to C

Best Quality	High Quality	Upper-Med. Grade	Medium Grade	More Risk *	More Risk *	More Risk *	High Risk *	Recovery Unlikely *
Aaa	Aa	A	Baa	Ba	B	Caa	Ca	C
5.02%	5.26%	5.52%	6.10%	7.78%	9.46%	14.21%	20.53%	36.45%
---	5.32%	5.56%	6.04%					
5.02%	5.19%	5.47%	6.15%					

  Not Applied

DEBT RATE(S)

<b>ELECTRIC INDUSTRY (EL/ER)</b>	<b>MERGENT'S</b>		<b>S &amp; P</b>		<b>AVERAGE</b>
Allegheny Energy	Baa	6.10%	BBB	5.82%	5.96%
ALLETE	NR	n/a	BBB	5.82%	5.82%
Alliant Energy	Baa	6.10%	BBB	5.82%	5.96%
Amer. Elec. Power	NR	n/a	BBB	5.82%	5.82%
Ameren Corp.	Baa	6.10%	BBB	5.82%	5.96%
Avista Corp.	Baa	6.10%	BBB	5.82%	5.96%
Black Hills	Baa	6.10%	BBB	5.82%	5.96%
Cen. Vermont Pub. Serv.	Baa	6.10%	NR*	n/a	6.10%
CenterPoint Energy	A	5.52%	BBB	5.82%	5.67%
CH Energy Group	A	5.52%	A	5.36%	5.44%
Cleco Corp.	Baa	6.10%	BBB	5.82%	5.96%
CMS Energy Corp.	Ba	7.78%	BB+	6.99%	7.39%
Consol. Edison	A	5.52%	A	5.36%	5.44%
Constellation Energy	Baa	6.10%	BBB	5.82%	5.96%
Dominion Resources	Baa	6.10%	A	5.36%	5.73%
DPL Inc.	Baa	6.10%	A	5.36%	5.73%
DTE Energy	Baa	6.10%	BBB	5.82%	5.96%
Duke Energy	A	5.52%	A	5.36%	5.44%
Edison Int'l	Baa	6.10%	BBB	5.82%	5.96%
EI Paso Electric	Ba	7.78%	BBB	5.82%	6.80%
Empire Dist. Elec.	A	5.52%	BBB	5.82%	5.67%
Entergy Corp.	Baa	6.10%	BBB	5.82%	5.96%
Exelon Corp.	A	5.52%	BBB	5.82%	5.67%
FirstEnergy Corp.	NR	n/a	BB+	6.99%	6.99%
G't Plains Energy	Baa	6.10%	BBB	5.82%	5.96%
Hawaiian Elec.	NR	n/a	BBB	5.82%	5.82%
IDACORP Inc.	NR	n/a	A	5.36%	5.36%
Integrus Energy	NR	n/a	BBB	5.82%	5.82%
ITC Holdings	Baa	6.10%	BBB	5.82%	5.96%
MDU Resources	Baa	6.10%	A	5.36%	5.73%
MGE Energy	NR	n/a	AA	5.12%	5.12%
NextEra Energy	A	5.52%	A	5.36%	5.44%
NiSource	Ba	7.78%	BBB	5.82%	6.80%

DEBT RATE(S)

<u>ELECTRIC INDUSTRY CON'T.</u>	<u>MERGENT'S</u>		<u>S &amp; P</u>		<u>AVERAGE</u>
NorthEast Utilities	NR	n/a	BBB	5.82%	5.97%
NorthWestern Corp	NR*	6.12%	NR*	5.84%	5.68%
NSTAR	A	5.52%	A	5.36%	6.57%
NV Energy Inc.	Ba	7.78%	BB/BB-	7.56%	6.54%
OGE Energy	A	5.52%	BBB	5.82%	6.80%
Otter Tail Corp.	Ba	7.78%	BBB	5.82%	5.96%
Pepco Holdings	Baa	6.10%	BBB	5.82%	5.67%
PG&E Corp.	A	5.52%	BBB	5.82%	5.82%
Pinnacle West Capital	NR	n/a	BBB	5.82%	5.82%
PNM Resources	NR	n/a	BB/BB-	7.56%	6.83%
Portland General	Baa	6.10%	BBB	5.82%	5.96%
PPL Corp.	Baa	6.10%	BBB	5.82%	5.67%
Progress Energy	A	5.52%	BBB	5.82%	5.82%
Public Serv. Enterprise	NR	n/a	BBB	5.82%	5.96%
SCANA Corp.	Baa	6.10%	BBB	5.82%	5.96%
Sempra Energy	Baa	6.10%	BBB	5.82%	5.96%
Southern Co.	Baa	6.10%	BBB	5.82%	5.96%
TECO Energy	Baa	6.10%	BBB	5.82%	5.96%
UIL Holdings	Baa	6.10%	BBB	5.82%	5.82%
UniSource Energy	NR	n/a	BB+	6.99%	6.55%
UNITIL Corp.	Baa	6.10%	A	5.36%	5.73%
Vectrem	A	5.52%	A	5.36%	5.44%
Westar Energy	Baa	6.10%	BBB	5.82%	5.67%
Wisconsin Energy	A	5.52%	BBB	5.82%	5.96%
Xcel Energy Inc.	Baa	6.10%	BBB	5.82%	5.82%
	<b>Average =</b>	<b>6.12%</b>	<b>Average =</b>	<b>5.84%</b>	
<u>INDEPENDENT POWER PRODUCERS (IPPs)</u>	<u>MERGENT'S</u>		<u>S &amp; P</u>		<u>AVERAGE</u>
AES Corp.	n/a	9.57%	BB/BB-	7.56%	8.57%
Calpine Corp	B	9.46%	B	8.79%	9.13%
Constellation Energy	Baa	6.10%	BBB	5.82%	5.96%
Dynergy, Inc.	Caa	14.21%	B	8.79%	11.50%
Mirant Corporation	NR	n/a	B	8.79%	8.79%
NRG Energy	B	8.52%	BB/BB-	7.56%	8.04%
RRI Energy	NR*	9.57%	NR*	7.89%	8.73%
	<b>Average =</b>	<b>9.57%</b>	<b>Average =</b>	<b>7.89%</b>	