BEFORE THE
PUBLIC UTILITIES COMMISSION OF OHIO

THE DAYTON POWER AND LIGHT COMPANY

CASE NO. 20-1041-EL-UNC
CASE N0. 19-1121-EL-UNC

SUPPLEMENTAL DIRECT TESTIMONY OF R. JEFFREY MALINAK

- □ MANAGEMENT POLICIES, PRACTICES, AND ORGANIZATION
- □ OPERATING INCOME
- □ RATE BASE
- □ ALLOCATIONS
- □ RATE OF RETURN
- □ RATES AND TARIFFS
- ■ OTHER

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DIRECT TESTIMONY OF

R. JEFFREY MALINAK

ON BEHALF OF

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is R. Jeffrey Malinak. I am currently a Managing Principal in the Washington, D.C. office of Analysis Group, Inc., an international economic and financial consulting services firm. My business address is 800 17th Street NW, Washington, DC 20006.

Q. What is your educational and work background?

A. I have over 25 years of experience in the field of economic and financial consulting, in which I have provided microeconomic, finance, and accounting consulting advice and other services to attorneys and companies in both litigation and non-litigation settings. My main areas of expertise are financial economics and valuation of corporations and other assets. I spent approximately seven years of my career at Putnam, Hayes & Bartlett, Inc. (PHB), an economic and financial consulting firm with large consulting practices in the energy industry and other regulated industries. While at PHB, approximately half of my time was spent on litigation matters and regulatory proceedings, including rate cases, in the electric utility and energy sectors. My work on these matters included revenue requirements modeling; analysis of the economics of coal mining and transportation; analysis of the operations and economics of nuclear, coal, wood scrap, and natural gas power plants; forecasting of load and related generation capacity requirements; assessment of the cost of capital for generation and for transmission and distribution (both electric and natural gas); calculation of the cost of compliance with environmental regulations; modeling and forecasting of emission allowance prices; and other topics. Since joining

Analysis Group in the mid-1990s, I have continued to work on projects in the energy and environmental economics areas, including regulatory matters.

I hold a Master's in Business Administration in Finance and Accounting from the University of Texas at Austin and a B.A. in Social Sciences from Stanford University. My resume, which is included as Appendix A, provides more details on my background and prior experience.

Q. Have you previously testified before the Public Utilities Commission of Ohio?

A. Yes. I have testified on behalf of The Dayton Power & Light Company ("DP&L") in Public Utility Commission of Ohio ("PUCO") Case Nos. 12-426-EL-SSO, et al.; 16-0395-EL-SSO, et al; 19-0162-EL-RDR; and have submitted written direct testimony in Case No. 20-0680-EL-UNC.

Q. What was the scope of the testimony you filed in Case No. 20-680-EL-UNC?

A. My testimony addressed several topics, including an examination of the prospective Significantly Excess Earnings Test and whether DP&L's current Electric Security Plan ("ESP") was more favorable in the aggregate than the expected result under a hypothetical Market Rate Offer ("MRO"). That testimony also included an analysis of the financial condition and integrity of DP&L and its immediate parent DPL Inc. ("DPL," together with DP&L, the "Company") under various financial assumptions.

Q. What is the purpose of this testimony?

A. The purpose of this supplemental testimony is to demonstrate that DP&L did not have significantly excessive earnings in 2018 and 2019, and thus passes the retrospective Significantly Excess Earnings Test (hereafter "SEET") in those years. To reach this

conclusion, I determine the appropriate Returns on Equity ("ROEs") (hereafter, "SEET Threshold") to which DP&L's ROEs in 2018 and 2019 should be compared.[1] Further, I have been asked to offer my opinion regarding adjustments that should be made to DP&L's reported earnings and equity in 2018 and 2019 to calculate an ROE that is consistent with the language and economic substance of the SEET.

Q. What is the SEET?

A. The SEET is a test that the Public Utility Commission of Ohio ("PUCO" or "Commission") applies each year to Ohio utilities who are operating under an ESP in which the Commission determines whether their net earnings are "significantly excessive" as defined by statute and past Commission decisions. If a utility's earnings are deemed to be excessive, then the Commission may order it to pay a refund to customers. The Commission makes its determination based on a calculation of the utility's ROE compared to a SEET Threshold ROE based on appropriate ROEs calculated for a sample of publicly-traded companies with comparable business and financial risk. This comparison is performed on a calendar year basis. The specific relevant statutory language that applies to the SEET is as follows:

> With regard to the provisions that are included in an electric security plan under this section, the commission shall consider, following the end of each annual period of the plan, if any such adjustments resulted in excessive earnings as measured by **whether the earned return on common equity of the electric distribution utility is significantly in excess of the return on common equity that was earned during the same period by publicly traded companies, including utilities, that face comparable business and financial risk, with such adjustments for capital structure as may**

[1] R.C. 4928.143(F).

> **be appropriate** […] **Consideration also shall be given to the capital requirements of future committed investments in the state**.[2]

Q. How are a utility's earnings and equity to be measured under the SEET?

A. According to the Commission's 2010 order regarding the SEET:

> [T]he earned return will equal the electric utility's profits after deduction of all expenses, including taxes, minority interest, and preferred dividends, paid or accumulated, and excluding any non-recurring, special, and extraordinary items. The average book equity used to calculate the SEET will be the book equity for the 12-month period.[3]

Thus, the appropriate measure of the utility's ROE under the SEET based on the statute and the Commission's previous findings is the "earned return on common equity" after adjustments to its reported earnings to remove "non-recurring, special, and extraordinary items," divided by the average book equity for the test year. Importantly, the PUCO requires that the SEET be applied after making "appropriate" adjustments to the firm's capital structure, and giving due "[c]onsideration [to] […] the capital requirements of future committed investments in [the] state."[4]

From an economic perspective, the most reasonable way to apply the SEET is to use an appropriate ROE for the utility that measures the "steady state" or "economic" return that an Ohio utility earns on its equity investment, as opposed to strictly its accounting ROE determined based on as reported (unadjusted) results in a particular year. The statute and Order, which use words and phrases that have specific meanings in the fields of economics and finance, appear to require this approach, by allowing for adjustments to earnings to

[2] R.C. 4928.143(F) (emphasis added).
[3] *In the Matter of the Investigation into the Development of the Significantly Excessive Earnings Test Pursuant to Amended Substitute Senate Bill 221 for Electric Utilities*, Case No. 09-786-EL-UNC, Finding and Order, June 30, 2010, p. 18.
[4] R.C. 4928.143(F).

remove "non-recurring" items and to make "appropriate" adjustments to capital structure, which by definition includes common equity capital, and consideration of the capital requirements of future capital investments. This longer-term economic approach to determining a utility's ROE for SEET purposes is consistent with the fact that relying on a simple snapshot in time with an unadjusted accounting ROE for a single year could lead to perverse results.

Q. Does this interpretation and application of the SEET have implications for its impact from an economic policy perspective?

A. Yes. From an economic perspective, a firm's earnings are "excessive" in an economic sense only if it earns more than its cost of capital over an extended period of time.[5] Of course, a firm's expected long-term ROE is part of its cost of capital. However, in any particular year, one-time or extraordinary events can cause the firm's ROE to be higher or lower than its expected ROE. Therefore, it is better, from an economic policy point of view, to allow the Commission to make reasonable adjustments to a utility's single-year ROE to bring it more into line with the proper economic definition of a firm's ROE. As discussed further below, this point is similar to the reasons why it also makes economic sense to adjust a firm's accounting equity capital to remove "non-recurring, special, and extraordinary" items.

[5] From an economic perspective, "excess" profit is "the spread between the return on invested capital and the cost of capital times the amount of invested capital." *See* Koller, Tim, Marc Goedhart, and David Wessels, *Valuation: Measuring and Managing the Value of Companies,* 6th ed., Wiley, 2015, p. 28. In a competitive market, the return on invested capital will converge to the cost of capital unless a company in that market has a permanent comparative advantage. That is, "any firm that earns a return on capital greater than its cost of capital is earning an excess return. The excess returns are the result of a firm's competitive advantages or barriers to entry into the industry. High excess returns locked in for very long periods imply that this firm has a permanent competitive advantage." *See* Damodaran, Aswath, *Investment Valuation: Tools and Techniques for Determining the Value of Any Asset*, 3rd ed., Wiley, 2012, p. 291.

Q. What approach has the Commission taken in the past to determine whether a utility's properly adjusted ROE was excessive under the SEET?

A. The Commission has compared each utility's adjusted ROE to an ROE that is significantly higher than the average of ROEs for a group of publicly-traded companies with comparable business and financial risk to the utility at issue. The higher-than-average ROE, which is referred to as the "SEET Threshold," is used for comparison purposes due to the statute's requirement that a refund may be appropriate only if a utility's earnings were "significantly" excessive. In addition, the statute recognizes that the sample companies should be comparable to the utility along two key dimensions of risk from a financial economic perspective —fundamental business or asset risk, and financial risk, which is driven primarily by leverage, which is the extent to which the comparable firms use debt versus equity financing. This is a sensible approach from a financial economic perspective.

Q. Please briefly describe DP&L's ESP III, including the Distribution Modernization Rider that was included in that rate plan.

A. DP&L's Distribution Modernization Rider ("DMR") was part of a stipulation that created a rate plan referred to as ESP III. ESP III explicitly required that the after-tax proceeds from the DMR be used to "(1) pay interest obligations on existing debt at DP&L and its parent, DPL Inc.; (2) make discretionary debt prepayments at DP&L and DPL Inc.; and (3) allow DP&L to make capital expenditures to maintain and modernize its distribution and transmission infrastructure."[6] In addition, ESP III contained a variety of other provisions. The DMR therefore was part of an interrelated stipulated agreement. I filed testimony in

[6] *In The Matter Of The Application Of The Dayton Power And Light Company To Establish A Standard Service Offer In The Form Of An Electric Security Plan*, Case No. 16-0395-EL-SSO, et al, Opinion and Order, October 20, 2017, pp. 26-27.

support of this Stipulation in which I concluded, among other things, that the Stipulation was beneficial to customers because it supported grid modernization and promoted the financial stability and integrity of the utility. I also found that under ESP III, DP&L could be expected to pass the prospective SEET.

Q. Please describe the potential adjustments to DP&L's earnings and equity that would be required to determine an appropriate ROE for DP&L under the SEET.

A. There are several important potential adjustments to both DP&L's accounting earnings and common equity capital that are necessary to determine the measure of its ROE that is consistent with the economic substance of the SEET statute and Commission Order.

Q. Do the adjustments that the Commission makes have implications for the appropriate group of comparison firms for determining an appropriate SEET Threshold?

A. Yes. In particular, if the DMR is included in the calculation of ROE for SEET purposes in 2018 and 2019, it would expose DP&L to significant added uncertainty and risk, including an increased risk that the Commission might find that it had excess earnings under the SEET. To reflect this increased risk, the rating agencies likely would have downgraded DP&L to below investment grade if they had known at the time that the DMR was to be included in the SEET.

For example, when the DMR was deemed unlawful and DP&L reverted to ESP I, S&P downgraded DP&L two notches to BB, which is below investment grade.[7] Thus, under a scenario in which DP&L's DMR would have been included in earnings for SEET purposes,

[7] *See* Figure RJM-1.

it is necessary to compare its ROE to the average ROE of a riskier set of comparable firms (that also includes firms with below-investment grade debt ratings).

Q. Please describe the different SEET ROE scenarios that you have been asked to evaluate.

A. I sponsor or co-sponsor three SEET ROE comparison scenarios based on different adjustments to DP&L's reported earnings and equity base for 2018 and 2019.

Scenario 1: This Scenario is DP&L's base case, as it reflects all of the adjustments that should be made in conducting the SEET, which are: exclusion of the DMR from earnings; adding historic write-offs of DP&L's generation assets back to DP&L's equity base; including $300 million in AES equity investments in DP&L's equity base (this adjustment is sponsored by DP&L witness Garavaglia); and certain adjustments associated with changes in tax laws (DP&L witness Garavaglia also sponsors these adjustments). As explained below, DP&L clearly passes the SEET in 2018 and 2019 under this Scenario. I refer to this scenario below as the "All Adjustments" Scenario, and it is reflected on Schedules 1 and 6 for 2018 and 2019, respectively.

Scenario 2: This Scenario excludes the DMR from DP&L's earnings for SEET purposes, but does not include the other adjustments from Scenario 1. As explained below, DP&L clearly passes the SEET in 2018 and 2019 under this Scenario. I refer to this scenario below as the "DMR Excluded" Scenario, and it is reflected on Schedules 2 and 7 for 2018 and 2019, respectively.

Scenario 3: This Scenario includes the DMR in DP&L's earnings for SEET purposes, and also adds back asset write offs associated with DP&L's generation assets to DP&L's equity

base. As explained below, DP&L clearly passes the SEET in 2018 and 2019 under this Scenario. I refer to this scenario below as the "Impairments Included" Scenario, and it is reflected on Schedules 3 and 8 for 2018 and 2019, respectively.

In addition to those three scenarios, I understand that DP&L witness Garavaglia sponsors two additional Scenarios:

Scenario 4, which includes the DMR in DP&L's revenue for SEET purposes, and also includes $300 million in equity investments from AES in DP&L's equity, and makes certain tax adjustments (*see* Schedules 4 and 9); and Scenario 5, which includes the DMR in DP&L's revenues but subtracts the Rate Stabilization Charge revenues (*see* Schedules 5 and 10).

Table RJM-1 below depicts these Scenarios.

Table RJM-1
SEET Scenarios[8]

	Scenario						
Adjustment	**1**	**2**	**3**	**4**	**5**	**Impact**	**Sponsor**
Exclude the DMR from earnings for SEET purposes	×	×				Earnings	Malinak, Garavaglia
Add back pre-2018 extraordinary asset impairments	×		×			Equity	Malinak
Adjust for one-time Property Tax and TCJA earnings/losses	×			×		Earnings and Equity	Garavaglia
Add $300 million in future equity investment by AES	×			×		Equity	Garavaglia
Subtract the Rate Stabilization Charge revenues					×	Earnings	Garavaglia

II. SUMMARY OF MAIN CONCLUSIONS

Q. What do you conclude regarding the merits of including or excluding the DMR when calculating DP&L's earnings for purposes of the SEET in 2018 and 2019?

A. I conclude that it should be excluded in order to be consistent with the underlying economics of the SEET, as I understand the meaning of the Ohio Revised Code and the Commission's 2010 Order.

Q. Why?

A. There are several reasons. First and foremost, the net proceeds from DP&L's DMR were not equity earnings from an economic perspective. Specifically, a firm's equity earnings

[8] Across all scenarios, DP&L's earnings and equity base are adjusted for certain relatively minor non-recurring, special, and extraordinary items. These include a one-time penalty assessed to DP&L in 2018 and the loss booked on the disposition of the Beckjord coal plant in 2018.

are the amount of unrestricted operating profits that it earns for its shareholders from the conduct of its business, meaning that the firm's shareholders have the full and unrestricted right to determine the use of those funds, including whether to retain them for investment or pay them out in dividends.

More specifically, from an economic perspective, a firm's operating income "will accrue to investors either as debt interest or equity income (dividends or capital gains)" and the "firm's capital structure determines whether operating income is paid out as interest or equity income."[9] Indeed, it is axiomatic in financial economics that the "value of equity is obtained by discounting expected cash flows to equity (i.e., the residual cash flows after meeting all expenses, reinvestment needs, tax obligations, and interest and principal payments) at the cost of equity (i.e., the rate of return required by equity investors in the firm)."[10] If there were any economic restrictions on the expected residual cash flows to equity (shareholders), then this fundamental principle of equity valuation would not be true.

The proceeds from DP&L's DMR clearly do not meet this economic definition because they were explicitly restricted to be used for debt service and to encourage future equity investment in grid modernization.[11] Therefore, the after-tax proceeds from DP&L's DMR were not actual earnings in economic substance, but a form of capital or financing charge.

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[9] Brealey, Richard, Stewart Myers, and Franklin Allen, *Principles of Corporate Finance*, 10th ed., McGraw-Hill Irwin, 2011, pp. 444-445.

[10] Damodaran, Aswath, *Investment Valuation: Tools and Techniques for Determining the Value of Any Asset*, 3rd ed., Wiley, 2012, p. 13.

[11] In contrast, I understand that the FirstEnergy DMR was not restricted in this manner. To the extent that the after-tax proceeds from the FirstEnergy DMR resulted in completely unrestricted residual cash flows to the firm's shareholders, it may have been appropriate to treat the proceeds as part of earnings to equity holders from an economic perspective. This is in direct contrast to the proceeds from DP&L's DMR, which were fully restricted as described above. *See* Garavaglia Testimony, pp. 9-10.

Because the SEET statute explicitly requires the measurement of a utility's "earned" return on equity, and the DMR was not part of DP&L's earned return, it should be excluded in calculating earnings for SEET purposes.

Q. Why do you say that the proceeds from DP&L's DMR were in substance a form of capital or financing charge, when the charge was paid by customers?

A. From an economic perspective, regulated utilities are private-public corporations overseen by regulators for the benefit of all of the direct stakeholders, including the utility's customers, employees and investors, and indirect stakeholders that includes all who benefit from the favorable impact on the economy from the high-quality service that a strong utility is able to offer at reasonable prices. Indeed, as I have testified previously, all of these stakeholders, including customers, benefit from a financially strong utility. Specifically, customers benefit when the utility develops an optimal capital structure that minimizes its cost of capital, leading to both lower rates and optimal levels of investment in fixed assets, which leads to safe and reliable service provided at reasonable rates. Thus, when DP&L's customers pay rates that include a DMR that is earmarked and restricted to be used to pay down debt, the customers receive a "return benefit" in the form of lower capital costs that are passed through in future rates, as well as high quality service. The money bypasses the equity shareholders of the firm and goes straight to adjusting DP&L's capital structure. In economic substance, therefore, the DMR was a form of capital or financing charge that was paid by customers, and for which they received value in return, but that fundamentally was not part of DP&L's equity earnings.

Q. Are there additional reasons to exclude DP&L's DMR when calculating its ROE for SEET purposes?

A. Yes. Important additional reasons to exclude DP&L's DMR from its ROE include the following:

- The Commission has stated that "non-recurring, special, and extraordinary items" should be excluded from the SEET.[12] DP&L's DMR clearly meets this definition because it was an unusual, special amount that was (a) not part of DP&L's earned income from an economic perspective, (b) earmarked for a specific purpose (debt reduction and facilitation of grid modernization), and (c) to be charged for a limited time only.

- If DP&L's DMR had been included in earnings for purposes of its SEET ROE, DP&L's investment risk profile would have increased substantially due to the increased risk of not passing the SEET. Furthermore, it is important to recognize that the SEET creates a fundamentally asymmetric risk for Ohio utilities in that a utility could be forced to pay a refund under the SEET if its earnings are deemed "excessive," but cannot expect an increase in rates if its earnings are below average. If the DMR was included in DP&L's earnings for SEET purposes, it would simply have exacerbated this asymmetric risk due to the SEET. In that case, it is likely that DP&L's debt rating would have been downgraded to below investment grade

[12] *In the Matter of the Investigation into the Development of the Significantly Excessive Earnings Test Pursuant to Amended Substitute Senate Bill 221 for Electric Utilities*, Case No. 09-786-EL-UNC, Finding and Order, June 30, 2010, p. 18.

if rating agencies thought that the DMR could be included in the SEET, which would have harmed customers, all else equal.

Q. What are the implications for DP&L's SEET if its DMR was included in DP&L's earnings for SEET purposes?

A. The most direct implication is that the set of companies used to calculate the appropriate SEET Threshold would need to be adjusted to properly reflect the increased risk. All else equal, using companies with higher levels of risk can be expected to increase the appropriate SEET Threshold. As discussed further below, I have developed such a sample for Scenario 3 in which the DMR is included in the calculation of ROE for SEET purposes.

This higher SEET Threshold is also the appropriate threshold to use for the two scenarios that are sponsored solely by DP&L witness Garavaglia, which include the DMR revenues in conducting the SEET.

Q. Do you recommend any adjustments to equity for purposes of calculating DP&L's ROE for SEET purposes in 2018 and 2019?

A. Yes. I recommend that asset impairments associated with DP&L's generation assets be added back to DP&L's equity for purposes of conducting the SEET.

Q. Why?

A. In this case, calculating DP&L's ROE for SEET purposes based on reported book values overstates DP&L's "economic" ROE due to the large write-offs that DP&L has had to take in the past. Specifically, in the years leading up to 2018 and 2019, DP&L wrote off most

of its generation asset investments, totaling roughly $1.0 billion on an after-tax basis.[13] These write-offs reflected losses in asset value that reduced the book value of equity. Importantly, even though they were written off, it does not change the fact that these investments were made and had real economic impact for DP&L's equity investors. If one uses the unadjusted book-value of equity to calculate ROE after a firm has taken a write-off, ROE will artificially increase, suggesting that the firm was highly profitable when in fact the nature of the asset did not change at all.

As stated by NYU Finance Professor Aswath Damodaran:

> Extraordinary and one-time charges and income often skew both earnings and invested capital measures at firms. As a general rule, the income that is used to compute returns on equity and capital should reflect continuing operations and should not include any items that are one-time or extraordinary. **Extraordinary charges also reduce invested capital and throw off return on capital computations. In fact, firms with mediocre investments can report healthy returns on capital by writing off significant amounts of the capital over time.**[14]

Notably, in 2014 the PUCO found that DP&L's divestiture of the generation assets constituted an extraordinary event and that its financial impact should be accounted for in the SEET. Specifically, the PUCO stated that:

> Further, we agree that the sale of the divestiture of the generation assets constitutes an extraordinary event. Consistent with our past practice, the **financial impact of the divestiture should be excluded from the SEET test**. *See, in re Ohio Edison Co., Cleveland Elec. Ilium. Co., and Toledo*

[13] *See* Schedule 3 and Schedule 8.
[14] Damodaran, Aswath, Return on Capital (ROC), Return on Invested Capital (ROIC) and Return on Equity (ROE): Measurement and Implications, July 2007, p. 37. (Emphasis added.) Available at http://pages.stern nyu.edu/~adamodar/pdfiles/papers/returnmeasures.pdf

Edison Co., Case No. 10-1265-EL-UNC, Opinion and Order (November 22, 2010) at 3.[15]

Therefore, I recommend that DP&L's equity be increased to reflect the asset write downs taken prior to 2018 because it is an appropriate adjustment from an economic perspective, and is consistent with the economic substance of the SEET and the Commission's stated intention that the financial impact of the asset generation divestitures be excluded from the SEET.

Q. Do you recommend including in DP&L's equity $300 million in actual and expected equity investments in DP&L by AES?

A. Yes. While I rely on DP&L witness Garavaglia to support this adjustment, I note this adjustment is consistent with the economic substance of the SEET, as well as my prior testimony in support of the Amended Stipulation that created ESP III. Specifically, the SEET contemplates that the Commission should "[c]onsider[] … the capital requirements of future committed investments in [the] state." This language is consistent with my understanding of the economic substance of the SEET, which is to allow the Commission to make adjustments that convert a firm's single-year book ROE to a more economically appropriate ROE as discussed above. If the facts and circumstances of a particular case allow it, as in the case here, including future "committed" equity capital investments in the common equity of a utility for the purposes of calculating ROE under the SEET would result in a measure of ROE that is closer to a firm's true economic ROE.[16]

[15] *In the Matter of the Application of The Dayton Power and Light Company for Authority to Transfer or Sell its Generation Assets*, Case No. 13-2420-EL-UNC, Finding and Order, September 17, 2014, p. 9. (Emphasis added.)
[16] This adjustment thus would serve a similar purpose as excluding extraordinary, special or non-recurring items.

In fact, in my prior testimony in the ESP III proceeding, I projected that AES would make an additional equity investment in DPL, Inc., totaling approximately $344 million on a book basis.[17] While this projected equity investment was not made directly to DP&L, it shows that, at the time of my projections (March 2017), it was anticipated that AES would make additional equity investments in the combined entity to support the anticipated grid modernization investments.[18] These facts are consistent with DP&L witness Garavaglia's recommendation that $300 million in AES equity investments in DP&L should be included in common equity for SEET purposes as "capital requirements of future committed investment."[19]

Q. What are DP&L's ROEs for Scenarios 1-5 for SEET purposes in 2018 and 2019?

A. ROEs for SEET purposes in each of the three Scenarios that I am sponsoring or co-sponsoring, as well as the two sponsored by DP&L witness Garavaglia, are shown in Table RJM-2 below.[20]

[17] Direct Testimony of R. Jeffrey Malinak, Case No. 16-0395-EL-SSO, et. al., March 22, 2017, p. 4.
[18] *In The Matter Of The Application Of The Dayton Power And Light Company To Establish A Standard Service Offer In The Form Of An Electric Security Plan*, Case No. 16-0395-EL-SSO, et al, Opinion and Order, October 20, 2017, p. 5.
[19] *See* Schedules 4 and 9.
[20] *See* Schedules 4, 5, 9, and 10.

Table RJM-2 - DP&L ROE for SEET Purposes

Scenario	2018	2019
1 All Adjustments	0.7%	2.0%
2 DMR Excluded	3.3%	11.7%
3 Impairments Included	6.8%	8.5%
4 $300 Million Equity Included	13.2%	13.9%
5 RSC Excluded	8.1%	13.5%

Notes and Sources:

See Schedule 1 - Schedule 10.

Q. How did you calculate the SEET Threshold for Scenarios 1 (All Adjustments) and 2 (DMR Excluded)?

A. In past annual SEET proceedings, I understand that the Commission has relied on a sample of companies from the Utilities Select Sector SPDR exchange traded fund ("XLU"), which consists of utilities and other energy firms that have been deemed to have business and financial risk comparable to a T&D utility such as DP&L. Thus, an appropriate SEET Threshold in this case that fits with Commission precedent can be calculated based on this sample.

To calculate the SEET Threshold, I calculate the average ROEs for the XLU companies in 2018 and 2019. Then, based on approaches that I understand have been favored by the Commission in past proceedings, I apply adjustments to the average ROEs. The first approach multiplies the average ROE for the peer companies by 1.5. The second approach adds to the average ROE of the peer companies the standard deviation of peer ROEs multiplied by 1.64. To the results using either of these approaches, I add 100 basis points

(1 percent) for DP&L-specific risks as discussed by DP&L witness Garavaglia.[21] The results of these calculations are shown in Table RJM-3, below.

In addition, I analyze two alternative samples to the XLU sample that also include companies with business and financial risk comparable to DP&L. The first alternative sample consists of firms (24 firms in 2018 and 25 firms in 2019) that are in Value Line Investment Survey's ("Value Line") electric utility index and have debt ratings of BBB+, BBB, or BBB- (*i.e.*, a similar credit rating to that of DP&L around the period at issue). The second alternative sample consists of the firms that are in one or both of the first two samples. The larger size of this latter sample provides more statistical certainty, all else equal. The SEET Thresholds based on these alternative samples are shown in Table RJM-3.

Finally, in June 2010, the PUCO issued guidance on the SEET in which it stated "the Commission is willing to recognize a 'safe harbor' of 200 basis points above the mean of the comparable group. To that end, any electric utility earning less than 200 basis points above the mean of the comparable group will be found not to have significantly excessive earnings."[22]

The SEET Thresholds for Scenarios 1 and 2 range from a safe harbor of 11.1 to a high of 11.7 percent in 2018 and from a safe harbor of 12.3 to a high of 12.7 percent in 2019 (Table

[21] *See* Garavaglia Testimony, p. 22-26. As shown in Exhibits RJM-7A and 7B, DP&L's credit ratings were two notches below the median credit ratings of the Value Line and XLU sample companies. This highlights how the business and financial risk of DP&L was higher than that of the sample companies and supports the inclusion of the 100 basis point adder. In addition, I understand that DP&L used a 12 percent SEET Threshold in its original SEET filings. However, I understand that that threshold was negotiated as part of the overall ESP III Stipulation and was not determined based on economic and financial analysis, in contrast with the thresholds I calculate in this testimony.

[22] *In the Matter of the Investigation into the Development of the Significantly Excessive Earnings Test Pursuant to Amended Substitute Senate Bill 221 for Electric Utilities*, Case No. 09-786-EL-UNC, Finding and Order, June 30, 2010, p. 29.

RJM-3). The "safe harbor" thresholds for the XLU and Value Line samples determined in this manner are shown in Table RJM-3.

Q. How did you calculate the SEET Threshold for Scenarios 3-5?

A. As noted previously, these scenarios include the DMR in DP&L's earnings. If the DMR were included in DP&L's earnings for SEET purposes, then DP&L's risks in 2018 and 2019 would have been significantly greater, and it is highly likely that its credit ratings would have been downgraded to below investment grade if credit rating agencies at the time had known that the DMR was going to be include in earnings in future SEET cases.[23] This increase in risk requires a different SEET Threshold because, all else equal, financial economic theory would predict that firms with such increased risk should have a higher expected ROE. To adjust my SEET Threshold for this higher risk, I first tried to find utilities with below investment grade ratings in my XLU and Value Line samples to obtain a relevant subsample. However, there was only one such firm, which is too small a sample to provide statistically meaningful results.

I therefore developed a new methodology that would allow me to make a more statistically valid estimate of the difference in ROEs between investment grade and non-investment grade utilities. Under this methodology, I compute adjustment factors to apply to the ROEs and standard deviations determined for Scenarios 1 and 2 using my base XLU and Value

[23] A downgrade from investment grade to below investment grade (i.e., below the rating level of BBB–) is significant for any firm. But such a downgrade is particularly significant for highly leveraged and asset intensive companies like an electric utility. Indeed, "below the rating level of BBB–, the costs of business erosion and investor conflicts associated with high leverage become too onerous. At these ratings, the opportunities for debt funding are much smaller, because many investors are barred from investing in sub-investment grade debt." Koller, Tim, Marc Goedhart, and David Wessels, *Valuation: Measuring and Managing the Value of Companies,* 6th ed., Wiley, 2015, pp.655, 658. As I note below, there was only one firm in my sample of comparable firms (all of which are utilities) that were rated below investment grade.

Line samples. These factors account for the difference in risk between a non-investment grade utility and an investment grade utility.

The first step was to identify a larger set of firms with generally comparable business and financial risk to DP&L from which to draw my rating subsamples. Following a sampling methodology that has been presented in previous SEET proceedings, I started with over 1,000 firms in Value Line and identified firms that are comparable to DP&L in terms of business risk (using unlevered beta) and financial risk (based on book equity to book assets). Then, within this set of firms, I computed the adjustment factors as the ratio of the average (or standard deviation) ROE of firms with BBB+, BBB, and BBB- credit ratings (mid-point is BBB) to the average (or standard deviation) ROE of firms with BBB-, BB+, and BB credit ratings (mid-point is BB+).[24]

As expected, and consistent with economic theory that riskier firms should have higher and more volatile expected ROEs, the average ROE for the BB+ sample was 21.8 versus 15.1 percent for the BBB sample, and the standard deviation for the BB+ sample also was higher (12.0 versus 10.7 percent).[25] These results produce an adjustment factor of 1.45 (21.8% / 15.1%) to apply to the ROEs of my base XLU and Value Line samples, and a factor of 1.12 (12.0% / 10.7%) to apply to the standard deviations.[26] After applying these factors, the SEET Thresholds increase to a range from a safe harbor of 15.3 to a high of 21.1 percent in 2018 and from a safe harbor of 17.0 to a high of 23.4 percent in 2019 (Table

[24] The first sample is a set of 63 firms with low investment grade ratings similar to DP&L's rating assuming that the DMR is not included in earnings for SEET purposes. The second sample is a set of 35 firms with a median rating of BB+, or one notch below investment grade. *See* Exhibit RJM-4C, Exhibit RJM-8A, and Exhibit RJM-8B.
[25] Exhibit RJM-1B.
[26] Exhibit RJM-1B. (Differences due to rounding.)

RJM-3). These SEET Thresholds are those to which DP&L's ROE from Scenarios 3-5 should be compared.

Q. What conclusions do you reach about the SEET for DP&L in 2018 and 2019 for Scenarios 1 (All Adjustments) and 2 (DMR Excluded)?

A. The ROEs provided by DP&L for Scenarios 1 and 2 are all below the relevant SEET Threshold in each year and, in most cases, well below it. In 2018, DP&L's ROE for SEET purposes was 0.7 and 3.3 percent under Scenarios 1 and 2, respectively. These ROEs are well below both the Safe Harbor ROEs for 2018, which ranged from 11.1 to 11.7 percent, as well the thresholds calculated using the 1.5x and Standard Deviation Approaches, which produce thresholds ranging from 14.7 to 16.7 percent, depending on the sample of comparable firms. As discussed below, in my opinion the thresholds that are most consistent with economic and statistical theory are those based on using the Standard Deviation Approach.

In 2019, DP&L's ROE was 2.0 and 11.7 percent under Scenarios 1 and 2, respectively. Again, these ROEs were either well below or below both the Safe Harbor (ranging from 12.3 to 12.7 percent), and were well below the SEET Thresholds calculated using the 1.5x and Standard Deviation Approaches, which produce thresholds ranging from 14.7 to 17.1 percent, depending on the sample of comparable firms.

Q. What conclusions do you reach about the SEET for DP&L in 2018 and 2019 for Scenarios 3-5?

A. The ROEs provided by DP&L for Scenario 3 were 6.8 percent in 2018 and 8.5 percent in 2019; for Scenario 4 were 13.2 percent in 2018 and 13.9 percent in 2019; and for Scenario

5 were 8.1 percent in 2018 and 13.5 percent in 2019. These ROEs were well below the relevant SEET Thresholds, including the Safe Harbor. The Safe Harbor Threshold in 2018 and 2019 ranged from 15.3 to 17.6 percent, while the SEET Thresholds based on the 1.5x and Standard Deviation Approaches ranged from 18.8 to 23.4 percent, depending on the sample of comparable companies. As discussed above, the SEET Thresholds under Scenarios 3-5 are higher than under Scenarios 1 and 2 because DP&L's risk under Scenarios 3-5, in which the DMR is included in earnings for SEET purposes, is significantly higher.

Q. What do you recommend as the approach that should be used to compute the SEET Thresholds to compare against DP&L's ROEs under the different scenarios?

A. I recommend using the SEET Thresholds calculated using the Standard Deviation Approach and the combined sample of XLU and Value Line companies. This is a statistically-based approach consistent with a cutoff for significantly excessive earnings in the top five percent of a normally distributed sample. These SEET Thresholds appear bolded in Tables 3A and 3B below. I understand, however, that in the past the Commission has used the 1.5x Approach and the XLU sample of companies. To aid the Commission, Tables 3A and 3B also show the range of thresholds calculated using the different combinations of potential approaches to be considered, which include the thresholds calculated using the 1.5x Approach and the XLU sample.

Table RJM-3A - 2018 SEET Results

1.5x Approach

Scenario	DP&L ROE	SEET Threshold		
		XLU	Value Line Comparable	All
Scenario 1	0.7%	15.5%	14.7%	15.2%
Scenario 2	3.3%	15.5%	14.7%	15.2%
Scenario 3	6.8%	21.1%	19.9%	20.6%
Scenario 4	13.2%	21.1%	19.9%	20.6%
Scenario 5	8.1%	21.1%	19.9%	20.6%

Standard Deviation Approach

Scenario	DP&L ROE	SEET Threshold		
		XLU	Value Line Comparable	All
Scenario 1	0.7%	16.7%	16.0%	**15.8%**
Scenario 2	3.3%	16.7%	16.0%	**15.8%**
Scenario 3	6.8%	20.8%	19.9%	**19.7%**
Scenario 4	13.2%	20.8%	19.9%	**19.7%**
Scenario 5	8.1%	20.8%	19.9%	**19.7%**

Safe Harbor

Scenario	DP&L ROE	SEET Threshold		
		XLU	Value Line Comparable	All
Scenario 1	0.7%	11.7%	11.1%	11.5%
Scenario 2	3.3%	11.7%	11.1%	11.5%
Scenario 3	6.8%	16.1%	15.3%	15.7%
Scenario 4	13.2%	16.1%	15.3%	15.7%
Scenario 5	8.1%	16.1%	15.3%	15.7%

Notes and Sources: Exhibit RJM-1A and Exhibit RJM-1B. 1.5x and Standard Deviation Approaches for Scenarios 1 and 2 include 1% adder per DP&L witness Garavaglia.

Table RJM-3B - 2019 SEET Results

1.5x Approach

Scenario	DP&L ROE	SEET Threshold		
		XLU	Value Line Comparable	All
Scenario 1	2.0%	17.1%	16.6%	16.5%
Scenario 2	11.7%	17.1%	16.6%	16.5%
Scenario 3	8.5%	23.4%	22.6%	22.5%
Scenario 4	13.9%	23.4%	22.6%	22.5%
Scenario 5	13.5%	23.4%	22.6%	22.5%

Standard Deviation Approach

Scenario	DP&L ROE	SEET Threshold		
		XLU	Value Line Comparable	All
Scenario 1	2.0%	15.1%	15.1%	**14.7%**
Scenario 2	11.7%	15.1%	15.1%	**14.7%**
Scenario 3	8.5%	19.4%	19.3%	**18.8%**
Scenario 4	13.9%	19.4%	19.3%	**18.8%**
Scenario 5	13.5%	19.4%	19.3%	**18.8%**

Safe Harbor

Scenario	DP&L ROE	SEET Threshold		
		XLU	Value Line Comparable	All
Scenario 1	2.0%	12.7%	12.4%	12.3%
Scenario 2	11.7%	12.7%	12.4%	12.3%
Scenario 3	8.5%	17.6%	17.1%	17.0%
Scenario 4	13.9%	17.6%	17.1%	17.0%
Scenario 5	13.5%	17.6%	17.1%	17.0%

Notes and Sources: Exhibit RJM-1A and Exhibit RJM-1B. 1.5x and Standard Deviation Approaches for Scenarios 1 and 2 include 1% adder per DP&L witness Garavaglia.

Q. Please identify any exhibits attached to your testimony.

A. My testimony is supported by the following exhibits:

1. Exhibit RJM-1 summarizes the relevant SEET Thresholds for DP&L.
2. Exhibit RJM-2 shows company-level ROE for the XLU, Value Line Comparable, and Central Only samples.
3. Exhibit RJM-3 summarizes the distribution of Asset Beta and Book Equity / Assets across the universe of Value Line firms.
4. Exhibit RJM-4 shows quintile groups for the universe of Value Line firms across Asset Beta, Book Equity / Assets, and Credit Ratings metrics.
5. Exhibit RJM-5 shows ROEs and Credit Ratings for the quintile-based comparable sample.
6. Exhibit RJM-6 summarizes firm characteristics for the XLU and Value Line Comparable samples.
7. Exhibit RJM-7 shows performance metrics for the XLU and Value Line Comparable samples.
8. Exhibit RJM-8 shows performance metrics for the quintile-based comparable sample.

III. SIGNIFICANTLY EXCESS EARNINGS TEST

Q. Please describe the SEET.

A. As I discussed earlier, the SEET is an earnings test applied by the PUCO aimed at establishing whether the realized net earnings of an Ohio utility operating under an ESP

can be considered "significantly excessive." The procedure used to determine if earnings are "significantly excessive" is guided by statute and past Commission decisions.

Specifically, the Ohio Revised Code specifies that:

> With regard to the provisions that are included in an electric security plan under this section, the commission shall consider, following the end of each annual period of the plan, if any such adjustments resulted in excessive earnings as measured by **whether the earned return on common equity of the electric distribution utility is significantly in excess of the return on common equity that was earned during the same period by publicly traded companies**, **including utilities, that face comparable business and financial risk, with such adjustments for capital structure as may be appropriate […] Consideration also shall be given to the capital requirements of future committed investments in the state.**[27]

In addition, the Commission's 2010 order regarding the SEET states that:

> [T]he Commission concludes that "significantly excessive earnings" should be determined based on the **reasonable judgment** of the Commission **on a case-by-case basis**. The Commission notes that within Ohio's electric utilities, there is significant variation, including, for example, whether the electric utility provides transmission, generation, and distribution service or only distribution service. For this reason**, the Commission will give due consideration to certain factors, including, but not limited to, the electric utility's most recently authorized return on equity, the electric utility's risk**, including the following: whether the electric utility owns generation; whether the ESP includes a fuel and purchased power adjustment or other similar adjustments; the rate design and the extent to which the electric utility remains subject to weather and economic risk; capital commitments and future capital requirements; indicators of management performance and benchmarks to other utilities; and innovation and industry leadership with respect to meeting industry challenges to maintain and improve the competitiveness of Ohio's economy, including research and development expenditures, investments in advanced

[27] R.C. 4928.143(F) (emphasis added).

> technology, and innovative practices; and the extent to which the electric utility has advanced state policy.[28]

Finally, the Commission's 2010 order regarding the SEET also states that:

> [T]he earned return will equal the electric utility's profits after deduction of all expenses, including taxes, minority interest, and preferred dividends, paid or accumulated, **and excluding any non-recurring, special, and extraordinary items.** The average book equity used to calculate the SEET will be the book equity for the 12-month period.[29]

Q. How is the determination made on whether the utility's net earnings are "significantly excessive"?

A. The PUCO determines the utility's net earnings are "significantly excessive" based on the comparison of an appropriately-calculated ROE for the utility being tested against a benchmark or threshold ROE (i.e., the SEET Threshold) calculated from a sample of companies of comparable business and financial risk. This comparison is performed on a calendar year basis.

Q. How is the SEET Threshold determined based on the ROEs for an appropriate sample of comparable firms?

A. For earnings to be "significantly excessive," they must be significantly above the average ROE of the sample companies. I understand that in the past, the Commission has favored two approaches to establish the SEET Threshold: (1) multiplying the average ROE of the sample companies by 1.5x, and (2) adding the average ROE of the sample companies' to

[28] *In the Matter of the Investigation into the Development of the Significantly Excessive Earnings Test Pursuant to Amended Substitute Senate Bill 221 for Electric Utilities*, Case No. 09-786-EL-UNC, Finding and Order, June 30, 2010, pp. 28-29. (Emphasis added.)

[29] *In the Matter of the Investigation into the Development of the Significantly Excessive Earnings Test Pursuant to Amended Substitute Senate Bill 221 for Electric Utilities*, Case No. 09-786-EL-UNC, Finding and Order, June 30, 2010, p. 18. (Emphasis added.)

the standard deviation of sample companies ROEs multiplied by 1.64. As described further below, the latter approach is grounded in statistical theory and, therefore, more supportable from an economic and financial perspective.

Q. What happens if a utility does not pass the SEET?

A. If a utility's earnings are deemed to be excessive, then the Commission may order it to pay a refund to customers. Specifically, per the Ohio Revised Code, "[i]f the commission finds that such adjustments, in the aggregate, did result in significantly excessive earnings, it shall require the electric distribution utility to return to consumers the amount of the excess by prospective adjustments […]."[30]

Q. Does the SEET increase the risks to utilities?

A. Yes. The SEET creates an asymmetric risk for utilities by subjecting investors to the risk that earnings will have to be refunded to customers without an equivalent opportunity for gain.

Q. Can you explain this further?

Yes. If a utility has very low or negative earnings in a period, the utility does not receive a payment equivalent to the amount it would have to refund to customers if it failed the SEET by the same amount. All else equal, this asymmetry created by the SEET increases the riskiness of investing in an Ohio utility relative to a utility who is not subject to a similarly-designed SEET.[31]

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[30] R.C. 4928.143(F).

[31] A similar point was made by Kolbe and Tye following the *Duquesne* Opinion, which caused investors to be "exposed to substantial risks from very large cost disallowances without equivalent [opportunities] for gain." *See* Kolbe, A. L. and W. B. Tye (1991), "The *Duquesne* Opinion: How Much "Hope" is There for Investors in Regulated Firms?" *Yale Journal on Regulation,* Vol. 8, Issue 1 ("Kolbe and Tye (1991)"), p. 115.

Q. Has the U.S. Supreme Court previously stated that ROEs should increase if a change in law increases the risk for a utility?

A. Yes, in the *Duquesne* Opinion, the U.S. Supreme Court acknowledged that when Pennsylvania switched from a "pure prudent" standard (whereby all prudently incurred investments could be recovered from rate payers) to a "used and useful" standard (whereby only prudently incurred investments that are "used and useful in service to the public" could be recovered from rate payers), the risk of investing in Pennsylvania utilities increased, which increased investors' required rate of return for the same expected cash flows:

> The loss to utilities from prudent but ultimately [unsuccessful] investments under such a system is greater than under a pure prudent investment rule… Pennsylvania's modification slightly increases the overall risk of [investments] in utilities over the pure prudent investment rule. Presumably the PUC adjusts the risk premium element of the rate of return on equity accordingly.[32]

In other words, an increase in risk should be recognized through an increase in the utility's rate of return in order to compensate investors for bearing extra risk.

Q. How does the risk of the SEET influence your analysis?

A. The SEET statute authorizes adjustments to a utility's earnings and capital structure that partially offset the risk that the statute creates. This is grounded in sound economic and financial principles. Indeed, from an economic perspective, if a utility faces asymmetric risks, adjustments to the utility's ROE and/or the SEET Threshold may be required when applying the SEET in order for the comparison to be consistent with the statute's

[32] *Duquesne*, 488 U.S. at 311-12 as quoted in Kolbe and Tye (1991), pp. 118-120.

requirement that the "business and financial risk"[33] reflected in the utility's ROE be similar to the risk reflected in the ROEs of the sample of comparable firms.

In the case of DP&L, if the DMR was included in earnings for purposes of the SEET, DP&L and its investors would have faced significant additional uncertainty and risk related to the regulatory process for applying the SEET, relative to the same type of risk when the DMR was known to be excluded for SEET purposes. Furthermore, this higher regulatory risk would have made DP&L riskier than the comparable companies used to determine the SEET Thresholds, all else equal. Of course, this issue does not exist if DP&L's DMR is excluded for SEET purposes. However, if DP&L's DMR was included for SEET purposes, it would have been necessary to increase the "base" SEET Threshold to reflect the increased risk faced by DP&L relative to the sample of firms. This follows from financial economic theory, which holds that riskier firms will have higher and more volatile returns, all else equal.[34]

Taking into account these risks and consistent with the statute, my SEET analysis considers adjustments to DP&L's earnings and to the SEET Threshold. I also consider adjustments to DP&L's equity base per the statute's instructions to make "adjustments for capital structure as may be appropriate" and to consider "the capital requirements of future committed investments in [the] state."[35] I discuss these adjustments in more detail below.

[33] R.C. 4928.143(F).
[34] *See, e.g.,* Brealey, Richard, Stewart Myers, and Franklin Allen, *Principles of Corporate Finance*, 10th ed., McGraw-Hill Irwin, 2011, pp. 425.
[35] R.C. 4928.143(F).

A. *Adjustments to Reported Accounting Earnings and Equity Required Under the SEET*

Q. Why do you recommend adjustments to DP&L's earnings and equity to be measured under the SEET?

A. The SEET statute and PUCO Order contain economic and financial language that suggests one should apply an economic approach to evaluate the SEET. For example, the statute recognizes that the sample companies used for computing the SEET Threshold should be comparable to the utility in terms of "business and financial risk." In fact, these are the two main types of risk that are at the heart of modern finance theory.[36] Thus, the statute clearly uses financial and economic terms of art and describes a sensible approach from a financial economic perspective, allowing for a proper comparison of companies with a similar quality of earnings and capital structure.

Another indication that one should apply an economic approach when evaluating the SEET is the required treatment of earnings and equity when computing the earned return on common equity. Specifically, the statute and the PUCO past orders do not contemplate the use of unadjusted book earnings and equity to calculate a utility's SEET ROE. Rather, the 2010 PUCO order requires: (1) adjustments to exclude "non-recurring, special, and extraordinary items" from earnings and equity use to measure the "earned return on common equity" under the SEET, and (2) the SEET be applied after making "appropriate" adjustments to the firm's capital structure, and giving due "[c]onsideration [to] […] the capital requirements of future committed investments in [the] state."

[36] *See, e.g.,* Brealey, Richard, Stewart Myers, and Franklin Allen, *Principles of Corporate Finance*, 10th ed., McGraw-Hill Irwin, 2011, pp. 424-431.

The adjustments required by the PUCO bring the ROE to be determined under the SEET more into line with the proper economic definition of a firm's ROE, rather than focusing on a snapshot in time with a strict accounting definition determined based on as reported (unadjusted) results in a particular year.

Q. Are there any other reasons why the economic adjustments required by the language in the SEET statute and PUCO Orders make sense from an economic perspective?

A. Yes. The adjustments required by the relevant language are consistent with the fact that a firm's earnings are "excessive" in an economic sense only if the firm earns more than its cost of capital over an extended period of time.[37] A firm's expected long-term ROE is part of its cost of capital, and one-time or extraordinary events for a specific year can cause the firm's ROE to be higher or lower than its expected ROE.[38] From an economic policy point of view, allowing the Commission to make adjustments to a utility's single-year ROE to bring it more into line with the proper economic definition of a firm's ROE is desirable.

The adjustments required by the PUCO are consistent with the economic approach to applying the SEET, which, as described, is to use an appropriate ROE for the utility that measures the "steady state" or "economic" return that an Ohio utility earns on its equity investment. Importantly, unlike this long-term economic approach, the strict accounting approach based on as reported (unadjusted) results in a particular year could lead to perverse results as discussed further below.

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[37] Koller, Tim, Marc Goedhart, and David Wessels, *Valuation: Measuring and Managing the Value of Companies,* 6th ed., Wiley, 2015, p. 28. *See also*, Damodaran, Aswath, *Investment Valuation: Tools and Techniques for Determining the Value of Any Asset*, 3rd ed., Wiley, 2012, p. 291.

[38] *See, e.g.,* Brealey, Richard, Stewart Myers, and Franklin Allen, *Principles of Corporate Finance*, 10th ed., McGraw-Hill Irwin, 2011, p. 425.

B. *Adjustments to DP&L's Reported Earnings*

Q. What adjustments to DP&L's reported earnings do you sponsor?

A. The main adjustment to DP&L's reported earnings that I recommend is the exclusion of its DMR, net of income taxes. The effect of this adjustment is to reduce DP&L's reported earnings by $82.6 million in 2018 and $70.6 million in 2019.[39] The impact of excluding the DMR is reflected in Scenario 2. In Scenario 1 (All Adjustments), I also include adjustments to DP&L's reported accounting earnings for other non-recurring, special and extraordinary items that are sponsored by DP&L witness Garavaglia.

1. *DP&L's DMR*

Q. Can you explain why you recommend excluding the DMR from DP&L's earnings when calculating its ROE for purposes of the SEET?

A. Yes. First and foremost, when computing a rate of return like ROE, it is important to use a consistent numerator and denominator.[40] If the denominator is average common equity, then the numerator should be earnings to the common equity holders.[41] From an economic and finance perspective, a firm's equity earnings are the amount of unrestricted operating profits that it earns for its equity holders from the conduct of its business.[42] By "unrestricted," I mean that the firm's equity holders have the full and unrestricted right to

[39] *See* Schedule 2 and Schedule 7.
[40] *See* Holthausen, Robert W., and Mark E. Zmijewski, *Corporate valuation: Theory, Evidence & Practice*, Cambridge Business Publishers, 2014, p. 40.
[41] *See* Holthausen, Robert W., and Mark E. Zmijewski, *Corporate valuation: Theory, Evidence & Practice*, Cambridge Business Publishers, 2014 p. 40.
[42] *See* Brealey, Richard, Stewart Myers, and Franklin Allen, *Principles of Corporate Finance*, 10th ed., McGraw-Hill Irwin, 2011, pp. 444-445.

determine the use of those funds, including whether to retain them for investment or pay them out in dividends.

Indeed, from an economic perspective, a firm's operating income "will accrue to investors either as debt interest or equity income (dividends or capital gains)" and the "firm's capital structure determines whether operating income is paid out as interest or equity income."[43] Moreover, it is axiomatic in financial economics that the "value of equity is obtained by discounting expected cash flows to equity (i.e., the residual cash flows after meeting all expenses, reinvestment needs, tax obligations, and interest and principal payments) at the cost of equity (i.e., the rate of return required by equity investors in the firm)."[44] If there were any economic restrictions on the expected residual cash flows to equity (shareholders), then this valuation statement would not be true.

The cash flows from DP&L's DMR clearly do not meet this economic definition of equity earnings because they were explicitly restricted.

As stated by the PUCO in 2017:

> [T]he Company has committed to use the cash flow from the DMR to: (1) pay interest obligations on existing debt at DP&L and its parent, DPL Inc.; (2) make discretionary debt prepayments at DP&L and DPL Inc.; and (3) allow DP&L to make capital expenditures to maintain and modernize its distribution and transmission infrastructure (Co. Ex. 11B at 12-13). [45]

[43] Brealey, Richard, Stewart Myers, and Franklin Allen, *Principles of Corporate Finance*, 10th ed., McGraw-Hill Irwin, 2011, pp. 444-445.
[44] Damodaran, Aswath, *Investment Valuation: Tools and Techniques for Determining the Value of Any Asset*, 3rd ed., Wiley, 2012, p. 13.
[45] *In The Matter Of The Application Of The Dayton Power And Light Company To Establish A Standard Service Offer In The Form Of An Electric Security Plan*, Case No. 16-0395-EL-SSO, et al, Opinion and Order, October 20, 2017, pp. 26-27.

Thus, the DMR was a special type of cash flow received by DP&L that was not earned through its normal operations and was not subject to the discretion of DP&L's equity owners. Specifically, the uses of the DP&L DMR were explicitly restricted to be used for debt service and to enhance future investment in grid modernization. DP&L equity holders did not have access to it.

In addition, as part of the ESP III agreement, AES was further prevented from using the DMR cash flows (and any other cash flows) for purposes of investor distributions. Indeed, AES committed to not receive distributions from DPL during the six year lifespan of ESP III.[46]

As a result, the after-tax earnings from DP&L's DMR were not actual earnings in a fundamental economic sense, but a form of capital charge. Consistent with an economic approach to calculating ROEs, the SEET statute explicitly requires the measurement of a utility's "earned" return on equity. Because the DMR was not part of DP&L's earned return in 2018 or 2019 from an economic perspective, it should be excluded in calculating earnings for SEET purposes.[47]

[46] *In The Matter Of The Application Of The Dayton Power And Light Company To Establish A Standard Service Offer In The Form Of An Electric Security Plan*, Case No. 16-0395-EL-SSO, et al., Opinion and Order, October 20, 2017, p. 29.

[47] I understand that the Ohio Supreme Court found in the FirstEnergy SEET case that the PUCO had not adequately supported its finding that it was appropriate for FirstEnergy to exclude its DMR when calculating appropriate ROEs under the SEET. My analysis is designed to be consistent with the SEET statutory language and purpose of the SEET as described above. I understand that the FirstEnergy DMR was not restricted in this manner. To the extent that the after-tax proceeds from the FirstEnergy DMR resulted in completely unrestricted residual cash flows to the firm's shareholders, it may have been appropriate to treat the proceeds as part of earnings to equity holders from an economic perspective. This is in direct contrast to the proceeds from DP&L's DMR, which were fully restricted as described above.

Q. Are there other reasons to exclude the DMR from DP&L's earnings when calculating its ROE for purposes of the SEET?

A. Yes, there are several additional reasons to exclude the DMR.

First, as discussed above, the PUCO 2010 Order required the exclusion of "non-recurring, special, and extraordinary items." The DP&L DMR is by definition a non-recurring, special, and extraordinary item that should be excluded from the SEET. Indeed, the DMR was approved in October 2017 for a limited time of only three years.[48] Moreover, in November 2019, before the three years were up, the PUCO disallowed the DMR. The PUCO's ability to disallow the DMR before the end of the three year term also highlights its non-recurring, special, and extraordinary nature.

Second, the means through which the DMR allowed DP&L to achieve grid modernization was by improving DP&L's financial integrity. Put simply, the DMR allowed DP&L to service and pay down its debt, improve its capital structure, its credit ratings outlook, and reduce its cost of capital.[49] Including DP&L's DMR when calculating the SEET would have negatively affected DP&L's current and future capital structure, as well as its cost of capital. The PUCO agreed with this in 2017 when approving the DMR:

> We agree with the testimony of Staff witness Donlon that the DMR will enable the Company to procure funds to invest in its grid modernization initiatives (Staff Ex. 2 at 4). The Company will use the funds recovered under the DMR exclusively to improve its ability to access capital markets and to invest in grid modernization. […] Moreover, testimony during the hearing shows that the Company cannot fund grid modernization investments without the DMR (Tr. Vol. I at 106-107). However, in conjunction with the Reconciliation Rider, the DMR will enable DPL Inc.

[48] Public Utilities Commission of Ohio, Case No.16-0395-EL-SSO, et. al., Opinion and Order, October 20, 2017, p. 6.
[49] *See* Garavaglia Testimony, pp. 6-8.

> and DP&L to pay down their existing debt (Co. Ex. 2A at 64). […] The evidence in the record demonstrates that including the DMR, as proposed in the Amended Stipulation, and the Reconciliation Rider, in DPL Inc. and DP&L revenues and cash flows, respectively, will result in a marked improvement in the financial condition and integrity of DP&L and DPL Inc. (Co. Ex. 2A at 61). Further, the DMR and Reconciliation Rider should provide stability and certainty regarding future cash flows which should enable DP&L to manage short-term debt maturities and to mitigate refinancing risks.[50]

Ultimately, the DMR improved DP&L's capital structure. If the Commission were to conclude that DP&L had failed the SEET because the DMR proceeds were included in the SEET, it would increase the risk of harm to DP&L's capital structure and increase DP&L's financing costs. Such increased costs would reduce DP&L's ability to make future grid modernization investments, which would negatively affect DP&L's ability to offer high quality service at reasonable rates. As stated above, the statute provides that for SEET purposes, one should consider "adjustments for capital structure as may be appropriate" and "capital requirements of future investments in this state."[51] From an economic perspective, the DMR was purely an inflow to adjust DP&L's capital structure and, as such, should be excluded from DP&L earnings in the SEET calculations.

Q. What evidence have you seen that the DMR reduced DP&L's cost of capital?

A. After the DMR was disallowed in November 2019, S&P downgraded DP&L from BBB- (investment grade) to BB (non-investment grade) showing that without the DMR, DP&L's cost of capital is higher.[52] Because the DMR reduced DP&L's cost of capital while it was in effect, it also reduced the cost to customers of grid modernization and other future

[50] *In The Matter Of The Application Of The Dayton Power And Light Company To Establish A Standard Service Offer In The Form Of An Electric Security Plan*, Case No. 16-0395-EL-SSO, et al, Opinion and Order, October 20, 2017, pp. 26-28.
[51] R.C. 4928.143(E) and (F).
[52] *See* Figure RJM-1. See also, https://www.spglobal.com/ratings/en/about/intro-to-credit-ratings#.

investments. If the goal of the SEET is to determine whether DP&L generated excessive earnings to the benefit of investors over customers, the DP&L DMR, which was intended to improve DP&L's financial condition and facilitate improved reliability (to the benefit of customers) while disallowing dividends to investors should be excluded from the SEET calculations.

In sum, based on the above, the DMR should not be considered earnings to DP&L when calculating the SEET but instead a non-recurring, special, and extraordinary item used to adjust DP&L's capital structure. From an economic perspective, the DMR should be removed from DP&L's earnings for purposes of calculating DP&L's ROE under the SEET.

2. ***Other Extraordinary, Special and Non-Recurring Items***

Q. Do the scenarios you sponsor or co-sponsor make other adjustments to DP&L's earnings in 2018 and 2019?

A. Yes. The scenarios I sponsor and co-sponsor remove the effect of additional non-recurring, special, and extraordinary items recorded by DP&L during 2018 and 2019. These adjustments, which are sponsored by DP&L witness Garavaglia, include removing the effect on earnings of: (1) a one-time settlement-related earnings benefit associated with the TCJA, (2) certain adjustments related to the difference between the accrual of and actual expense of property taxes, (2) a one-time penalty assed to DP&L in 2018, and (4) the loss booked on the disposition and true-up of assets, including the disposition of the Beckjord coal plant in 2018.[53]

[53] *See, e.g.*, Schedule 4.

While I rely on DP&L witness Garavaglia to support these adjustments, I note that as I discussed above, adjusting for non-recurring, special, and extraordinary items is consistent with the economic substance of the SEET, consistent with the statute and the PUCO past orders that do not contemplate the use of (the more volatile) unadjusted book earnings to calculate a utility's SEET ROE.

C. *Adjustments to DP&L's Reported Common Equity*

1. *Generation Asset Write-Downs*

Q. What adjustments to DP&L's reported equity do you sponsor?

A. The main adjustment to DP&L's equity base I sponsor is adding back historical write-downs of investments made by DP&L in generation assets, net of taxes. In net terms, the effect of this adjustment is to increase DP&L's equity base by $1.0 billion in 2018 and 2019.[54]

Q. Why do you recommend that DP&L's equity base be adjusted for the historical investments made in generation assets that were previously impaired by DP&L?

A. I recommend this adjustment because it results in a more economically appropriate measure of equity investment than unadjusted book equity. Specifically, calculating DP&L's ROE for the SEET based on book values understates the equity investment in DP&L and, therefore, overstates DP&L's ROE from a substantive economic perspective. This result is due to the fact that write-offs reflect losses in asset value that reduce the book

[54] *See* Schedule 3 and Schedule 8.

value of equity but not the real economic investment of equity holders. As explained by Professor Damodaran:

> Consider a firm that invests $10 billion in an asset that generates only a half a billion in after-tax operating income on a continuing basis. The computed return on capital for this asset is 5%, reflecting its mediocrity as an investment. However, let us assume that this firm decides to write off half the investment, reducing capital invested to $5 billion. The return on capital, using the updated invested capital number, is now 10% but the quality of the investment has not changed.
>
> In practice, there are a number of ways in which firms can reduce their reported capital. They can take restructuring charges and report one-time expenses or report that their assets have "impaired value". With the trends towards "fair value" accounting, they can even mark assets to the market and reduce their reported value. While there are accounting rules that govern each of these transactions, there is enough leeway within these rules to allow aggressive firms to decrease the "invested capital" base and increase the returns on equity and capital.
>
> To counter this, we should be adjusting the reported capital base for actions taken by the firm to reduce that base. Making this adjustment, though, is much more difficult to do than adjusting earnings, since the effect on capital is a cumulated effect: all restructuring charges, taken over time, by the firm, affect the current capital invested. Thus, we have to start with capital invested currently and add back charges made over time to this capital. The older the firm, the more complicated this process will undoubtedly become.[55]

Ultimately, when ROEs are calculated based on book values, the impact of prior asset write-offs is ignored. A better economic measure of ROE would include the full dollar amount of invested capital. Thus, DP&L's write-offs of generation assets are reversed in two of the three scenarios I sponsor.[56]

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[55] Damodaran, Aswath, Return on Capital (ROC), Return on Invested Capital (ROIC) and Return on Equity (ROE): Measurement and Implications, July 2007, pp. 38-39. Available at http://pages.stern nyu.edu/~adamodar/pdfiles/papers/returnmeasures.pdf

[56] I previously have discussed this type of adjustment to DPL and DP&L's ROE calculations in testimony before the Commission. See, *e.g.*, Direct Testimony of R. Jeffrey Malinak, Case No. 20-0680-EL-UNC, April 1, 2020, p. 17.

Q: Are there other reasons that you considered for excluding the effects of asset impairments in SEET cases?

A: Yes. As I mentioned before, for purposes of the SEET, the statute allows for adjustments to earnings and equity that are related to non-recurring, special, and extraordinary items. These asset generation write-offs are extraordinary from an economic perspective, and the Commission has acknowledged this in the past. Specifically, the PUCO found that DP&L's divestiture of the generation assets constitutes an extraordinary event and that its financial impact should be excluded for in DP&L's SEET:

> Further, we agree that the sale of the **divestiture of the generation assets constitutes an extraordinary event**. Consistent with our past practice, the financial impact of the divestiture should be excluded from the SEET test. *See, in re Ohio Edison Co., Cleveland Elec. Ilium. Co., and Toledo Edison Co.,* Case No. 10-1265-EL-UNC, Opinion and Order (November 22, 2010) at 3.[57]

Put simply, adjusting for DP&L's prior asset generation write-downs is consistent with the Commission's stated intention that the financial impact of DP&L's asset generation divestitures be excluded from the SEET.

[57] *In the Matter of the Application of The Dayton Power and Light Company for Authority to Transfer or Sell its Generation Assets*, Case No. 13-2420-EL-UNC, September 17, 2014, p. 9. (Emphasis added.)

Q: Has the Commission previously excluded the effects of asset impairments in SEET cases?

A: Yes. The Commission has excluded the effects of extraordinary items, including fixed asset impairments in prior proceedings. For example, in Case No. 13-1495-EL-UNC, an adjustment removing a fixed asset impairment loss was made in DP&L's annual filing.[58]

Q. Does the fact that DP&L has transferred its generation assets to an affiliate affect your analysis?

A. No. Whether the assets were transferred or remained with DP&L does not change the fact that DP&L's shareholders made the investments in DP&L and that those assets were impaired while they were owned by DP&L and being used to provide service to DP&L's customers. To measure the true return experienced by DP&L's shareholders one needs to include those asset write offs in DP&L's equity base. Thus, from an economic perspective, DP&L's ROE should be calculated with the full amount of these investments included in equity.

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[58] *In the Matter of the Determination of the Existence of Significantly Excessive Earnings for 2012 Under the Electric Security Plan of The Dayton Power and Light Company*, Case No. 13-1495-EL-UNC ("DP&L 2012 SEET Case"), Application of The Dayton Power and Light Company, Direct Testimony of Gregory S. Campbell, CPA, July 31, 2013, p. 5.

In the DP&L 2012 SEET Case, the Commission approved a Stipulation and Recommendation between DP&L and Staff, which recommended that "the Commission determine that significantly excessive earnings did not occur with respect to DP&L's ESP in 2012." DP&L 2012 SEET Case, February 13, 2014, Opinion and Order, pp. 2-4. No parties intervened in that proceeding.

2. ***Other Equity Adjustments***

Q. Do the scenarios you sponsor or co-sponsor make other adjustments to DP&L's equity base in 2018 and 2019?

A. Yes, one of the scenarios that I co-sponsor includes $300 million in committed investments from AES to DP&L as part of DP&L's equity base. In addition, the scenarios I sponsor and co-sponsor include adjustments to the DP&L equity base that are linked to the earnings adjustments for non-recurring, special, and extraordinary items recorded by DP&L during 2018 and 2019. While DP&L witness Garavaglia is sponsoring these adjustments, I note that they are consistent with the economic substance of the SEET.

Q. Can you explain why including $300 million in committed investments from AES to DP&L is consistent with the economic substance of the SEET?

A. Yes. To begin with, the Ohio Revised Code states that:

> In making its determination of significantly excessive earnings under this division, the commission shall, for affiliated Ohio electric distribution utilities that operate under a joint electric security plan, use the total of the utilities' earned return on common equity. **Consideration also shall be given to the capital requirements of future committed investments in this state.**[59]

This is consistent with my understanding of the economic substance of the SEET, which is to allow the Commission to make adjustments that recognize the longer-term nature of a firm's ROE as discussed above. If the facts and circumstances of a particular case allow it, as is the case here, including "committed" equity capital investment in the common

[59] R.C. 4928.143(F) (emphasis added).

equity of a utility for the purposes of calculating ROE under the SEET would result in a measure of ROE that is closer to a firm's economic ROE.[60]

Moreover, in my prior testimony in the ESP III proceeding, I projected that AES would make an additional equity investment in DPL, Inc., totaling approximately $344 million on a book basis.[61] While this projected equity investment was not made directly into DP&L, it shows that, at the time of my projections in March 2017, it was anticipated that AES would make additional equity investments in the combined entity to support the anticipated grid modernization investments.

These facts are consistent with DP&L witness Garavaglia's recommendation that $300 million in AES equity investments in DP&L be included in common equity for SEET purposes as "capital requirements of future committed capital."

Q. Can you explain why including adjustments to the DP&L equity for non-recurring, special, and extraordinary items recorded by DP&L during 2018 and 2019 is consistent with the economic substance of the SEET?

A. Yes. Removing earned income or earned losses from the profits generated by a company during a year affects the retained earnings of the company and, as a result, the equity base of the company. Because adjustments are being made to DP&L for earnings that are non-recurring, special, and extraordinary, the counterpart adjustments to DP&L's equity base need to be made. Making these adjustments is consistent with my understanding of the economic substance of the SEET.

[60] This adjustment thus would serve a similar purpose to excluding non-recurring, special, and extraordinary items.
[61] Direct Testimony of R. Jeffrey Malinak, Case No. 16-0395-EL-SSO, et. al., March 22, 2017, p. 4.

D. ***Scenarios***

Q. Can you summarize the different scenarios that you are sponsoring or co-sponsoring?

A. Yes. I sponsor or co-sponsor three SEET ROE comparison scenarios based on different adjustments to DP&L's reported earnings and equity base for 2018 and 2019.

Scenario 1: This Scenario is DP&L's base case, as it reflects all of the adjustments that should be made in conducting the SEET, which are: excluding the DMR from earnings; adding historic write-offs of DP&L's generation assets back to DP&L's equity base; including $300 million in AES equity investments in DP&L's equity base (this adjustment is sponsored by DP&L witness Garavaglia); and accounting for certain adjustments associated with changes in tax laws (DP&L witness Garavaglia also sponsors these adjustments). As explained below, DP&L clearly passes the SEET in 2018 and 2019 under this Scenario. I refer to this scenario below as the "All Adjustments" Scenario, and it is reflected on Schedules 1 and 6 for 2018 and 2019, respectively.

Scenario 2: This Scenario excludes the DMR from DP&L's earnings, but does not include the other adjustments from Scenario 1. As explained below, DP&L clearly passes the SEET in 2018 and 2019 under this Scenario. I refer to this scenario below as the "DMR Excluded" Scenario, and it is reflected on Schedules 2 and 7 for 2018 and 2019, respectively.

Scenario 3: This Scenario includes the DMR in DP&L's earnings, and also includes asset write offs associated with DP&L's generation assets in DP&L's equity base. As explained below, DP&L clearly passes the SEET in 2018 and 2019 under this Scenario. I refer to

this scenario below as the "Impairments Included" Scenario, and it is reflected on Schedules 3 and 8 for 2018 and 2019, respectively.

In addition to those three scenarios, I understand that DP&L witness Garavaglia sponsors two additional Scenarios:

Scenario 4, which includes the DMR in DP&L's revenue for SEET purposes, and also includes $300 million in equity investments from AES in DP&L's equity, and makes certain tax adjustments (see Schedules 4 and 9); and

Scenario 5, which includes the DMR in DP&L's revenues but subtracts the Rate Stabilization Charge revenues (see Schedules 5 and 10).

Table RJM-5

SEET Scenarios and Adjustments[62]

	Scenario					
Adjustment	**1**	**2**	**3**	**4**	**5**	**Sponsor**
Exclude the DMR from earnings for SEET purposes	×	×				Malinak, Garavaglia
Add back pre-2018 extraordinary asset impairments	×		×			Malinak
Adjust for one-time Property Tax and TCJA earnings/losses	×			×		Garavaglia
Add $300 million in future equity investment by AES	×			×		Garavaglia
Subtract the Rate Stabilization Charge revenues					×	Garavaglia

IV. DP&L's SEET

A. *DP&L's ROE*

Q. Please summarize the input data for the financial analysis that you are sponsoring.

A. My analysis uses DP&L financial information sponsored by DP&L witness Garavaglia.

Q. Have you done anything to assure yourself that the input data you use are sound and reasonable?

A. Yes. I reviewed the information provided to me by DP&L and discussed the underlying assumptions with the personnel responsible for their preparation. The income, equity, and other information provided by DP&L appear reasonable.

[62] Across all my scenarios, I adjust DP&L's earnings and equity base for certain relatively minor non-recurring, special, and extraordinary items. These include a one-time penalty assed to DP&L in 2018 and the loss booked on the disposition of the Beckjord coal plant in 2018.

Q. How did you use these data in your analysis?

A. My analysis sponsors sound economic and financial adjustments to DP&L's reported earnings and equity base for the purpose of calculating DP&L's SEET ROE in 2018 and 2019. As I discuss above, I sponsor adjustments used in three different scenarios of DP&L ROE calculations. The financial data provided to me by DP&L allows for the quantification of the relevant adjustments under each of these scenarios.

Q. What was DP&L's ROE in 2018 and 2019?

A. DP&L's ROEs range from 0.7 percent to 13.2 percent in 2018 and 2.0 percent to 13.9 percent in 2019. Specifically, for each scenario the ROEs are as follows:

Table RJM-6 - DP&L ROE under different scenarios

Scenario	2018	2019
1 All Adjustments	0.7%	2.0%
2 DMR Excluded	3.3%	11.7%
3 Impairments Included	6.8%	8.5%
4 $300 Million Equity Included	13.2%	13.9%
5 RSC Excluded	8.1%	13.5%

Notes and Sources:

See Schedule 1 to Schedule 10.

B. *SEET Thresholds*

1. *Methodology*

Q. What data did you use for your analysis of the appropriate SEET Thresholds?

A. I used Value Line and S&P's Capital IQ, which are two of the most well-respected data vendors of financial-related information. Value Line and S&P Capital IQ data are widely used by practitioners, academics, and experts in litigation-related matters. [63]

Q. How did you determine your overall range of SEET Thresholds?

A. I calculated the range of thresholds by first determining the appropriate SEET benchmark ROE for DP&L and second determining the appropriate amount by which the ROE could exceed this benchmark before being significantly excessive. I calculated the benchmark ROE as the arithmetic average of ROEs in a sample of peer firms, and I calculated the spread between the threshold and the benchmark using two alternative approaches.[64]

The first approach is based on a methodology that I understand has been favored by the Commission in past proceedings and calculates the threshold by multiplying the SEET benchmark by 1.5 (the "1.5x Approach").

The second approach I understand has also been favored by the Commission in past proceedings and adds to the average ROE of the peer companies the standard deviation of

[63] Value Line normalizes ROEs to exclude extraordinary or non-recurring items.
[64] For the scenarios in which I added back DP&L's prior write-offs of generation assets, I also assessed adjusting the ROEs of the benchmark firms to take into account their past write-offs. This analysis produced SEET Thresholds that are virtually identical to those derived when the benchmark-firm ROEs are not adjusted for prior write-offs. The main reasons for this result are that: (1) utilities in my sample of comparable firms took write-offs that were significantly lower relative to their equity than DP&L's, and (2) unlike DP&L, where the write-offs had been, for the most part, charged prior to 2018, some utilities in my sample of comparable firms took write-offs in 2018 and 2019, which affected their unadjusted ROEs upwards.

peer ROEs multiplied by 1.64 (the "Standard Deviation Approach"). This approach is consistent with a statistically-based approach in which the cutoff for significantly excessive earnings is the top five percent of a normally distributed sample.

Q. How did you determine the sample of companies for your SEET Thresholds?

A. My first sample is comprised of the firms in the XLU exchange traded fund (28 firms in 2018 and 27 firms in 2019), which I understand has been relied upon in the past by the Commission. My second sample is comprised of firms (24 in 2018 and 25 in 2019) that are in Value Line's Electric Utility Index (East, Central, or West) with credit ratings of BBB+, BBB, or BBB-. I selected these utilities at the low end of investment grade to be more comparable in risk to DP&L, which also had a low-end investment grade rating during 2018 and most of 2019. I refer to this set of firms as the "Value Line Comparable" sample.[65] My third sample is the full set of firms obtained by combining these samples. I refer to this set of firms as the "All" sample. [66]

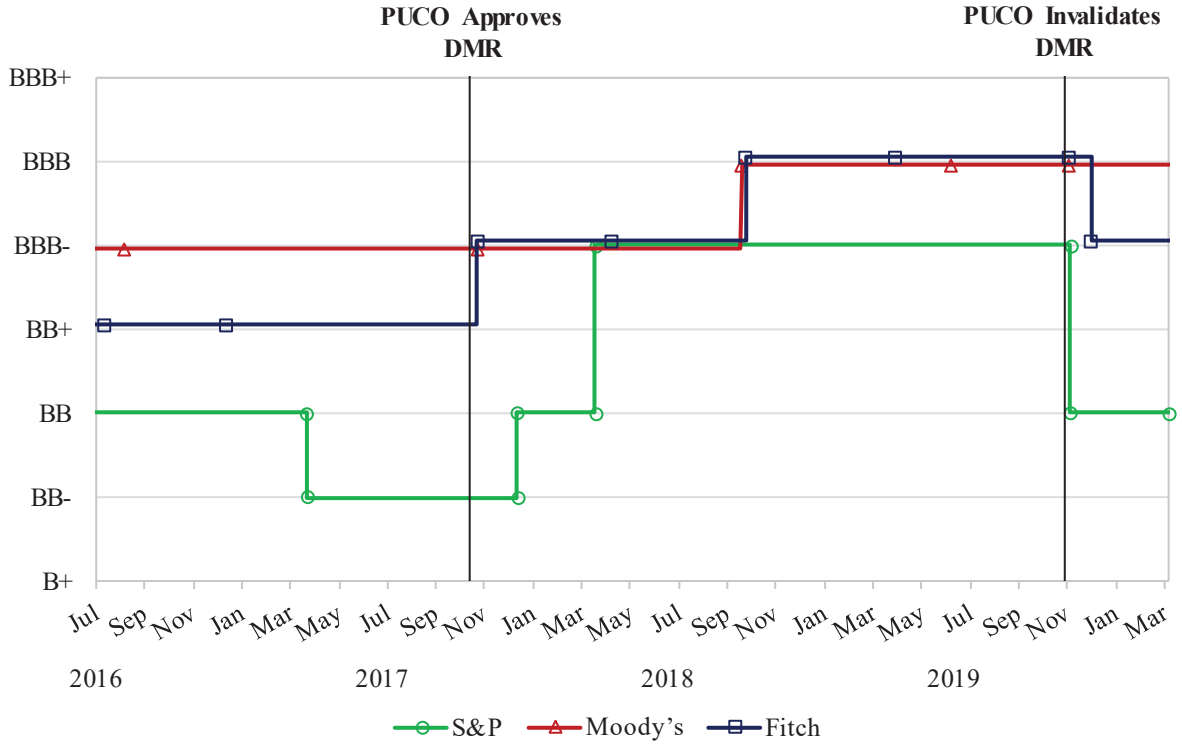
Q. What adjustments do you make to compute the SEET Threshold for Scenarios 3-5 in which the DMR is included in DP&L's earnings for SEET purposes?

A. If the DMR is to be included in DP&L's SEET earnings, the utility would face substantially higher risks, and potentially negative changes to its capital structure and credit ratings. For example, as shown in Figure RJM-1, immediately prior to the PUCO invalidating the DMR

[65] I also examined a sample of firms in the Value Line Electric Utility (Central) index (without applying an additional restriction on the credit rating). The results for this sample, which are consistent with my other results, appear in my Exhibits. However, the numbers discussed in this testimony do not include the Central Only sample.
[66] This "All" sample also combines the set of companies within the Central sample of companies.

in November 2019, S&P rated DP&L BBB-, the lowest investment grade rating.[67] After the PUCO invalidated the DMR, S&P downgraded DP&L to a BB rating, below investment grade.[68] Furthermore, while DP&L remained investment grade for Moody's and Fitch after the DMR was invalidated by the PUCO, both of these agencies placed negative outlooks on DP&L.[69]

Figure RJM-1 - DP&L Historical Credit Ratings



Notes & Sources:
Ratings converted to S&P ratings scale using conversion from Corporate Credit Ratings: a Quick Guide, available at https://www.treasurers.org/ACTmedia/ITCCMFcorpcreditguide.pdf.
Standard and Poor's long term issuer ratings from S&P Global Market Intelligence.
Moody's long term issuer ratings from https://www.moodys.com/credit-ratings/Dayton-Power-Light-Company-credit-rating-222000.
Fitch long term issuer default ratings from https://www fitchratings.com/site/issuers/80464205.

[67] I understand that at the time, DP&L already had one of the lowest credit ratings for a utility in the country. *See, e.g.*, Garavaglia Testimony, pp 25-26.
[68] *See* Figure RJM-1.
[69] Moody's Investors Service, "Dayton Power & Light Company: Update Following Ratings Confirmation with a Negative Outlook," December 30, 2019, p. 1; Fitch Ratings, "Fitch Downgrades DPL to 'BB+' and DP&L to 'BBB-'; Outlook Negative," December 23, 2019, p. 1.

This increase in risk requires a different SEET Threshold because, all else equal, financial economic theory would predict that firms with higher risk should have higher expected ROEs. To adjust my SEET Threshold for this higher risk, I first tried to find utilities with below investment grade ratings in my XLU and Value Line samples to obtain a relevant subsample. However, there was only one such firm, which is too small a sample to provide statistically meaningful results. Therefore, to quantify the effect of this increase in risk to DP&L, I developed a four step methodology.

First, I identify a broader sample of firms that are comparable to DP&L in terms of business risk (unlevered beta) and financial risk (book equity to book assets).[70] Specifically, for 2018 and 2019, I compute the unlevered beta and book equity to assets for each of the firms covered by Value Line and subset these firms into quintiles. I then further subdivide the set of firms that fall into the same quintile as DP&L in each year into two sets: (1) firms with BBB+, BBB, and BBB- credits ratings (the "BBB Set") and (2) firms with BBB-, BB+, and BB credit ratings (the "BB Set"). The BBB Set includes companies with credit ratings similar to those of DP&L while the DMR was in place and there was no expectation of it being included in DP&L's earnings for the SEET. The BB Set, on the other hand, includes companies with credit ratings similar to those that DP&L would have likely been under if it had been known in 2018 and 2019 that the DMR would be subject to inclusion in the SEET.

Second, I compute the average and standard deviation of the ROEs across all companies within the BBB Set and the BB Set. With these averages and standard deviations, I compute

[70] I estimate DP&L's unlevered beta using the average unlevered beta of the sample of electric utilities in the Value Line's Electric Utility Index (East, Central, or West) that have credit ratings of BBB+, BBB, or BBB-. *See* Exhibit 6A and Exhibit RJM-6B.

the ratio of the average ROE of the BB Set to the average ROE of the BBB Set (the "Average Factor"). Similarly, I compute the ratio of the standard deviation ROE of the BB Set to the standard deviation ROE of the BBB Set (the "Standard Deviation Factor").

Third, I apply the Average Factor and the Standard Deviation Factor to the average and standard deviation historical ROEs for the XLU and Value Line samples in 2018 and 2019. Fourth, I use the 1.5x Approach and Standard Deviation Approach to compute the risk-adjusted SEET Threshold for the scenarios in which the DMR is included for the SEET.[71]

Consistent with economic theory that riskier firms should have higher expected ROEs, as well as more volatile ROEs, the average ROE for the BB Set was 21.8 versus 15.1 percent for the BBB Set, and the standard deviation for the BB Set also was higher (12.0 versus 10.7 percent).[72] These results produce an Average Factor of 1.45 (21.8% / 15.1%) to apply to the ROEs of my base XLU and Value Line samples, and a Standard Deviation Factor of 1.12 (12.0% / 10.7%) to apply to the standard deviation ROEs of my base XLU and Value Line samples.[73]

[71] I also compute the "Safe Harbor" as shown in Tables RJM-7A and RJM-7B below.
[72] Exhibit RJM-1B. (Differences due to rounding.)
[73] Exhibit RJM-1B. (Differences due to rounding.)

2. ***SEET Threshold Results***

Q. What is the SEET Threshold above which DP&L's ROE would be significantly excessive for Scenarios 1 and 2 in which the DMR is excluded from DP&L's earnings?

A. My approach first calculates the average historical ROEs for the XLU companies in 2018 and 2019. This average ROE is 9.7 percent in 2018 and 10.7 percent in 2019.[74]

Thus, the thresholds under the 1.5x Approach is 14.5 percent in 2018 and 16.1 percent in 2019.[75] In addition, DP&L witness Garavaglia testifies that an additional 100 basis points (one percent) should be added to these percentages to reflect DP&L's risks, including increased risk from its planned investments in infrastructure going forward.[76] As shown in Exhibits RJM-7A and 7B, DP&L's credit ratings were two notches below the median credit ratings of the Value Line and XLU sample companies. This highlights that, consistent with the inclusion of the 100 basis point adder, the risk of DP&L was higher than that of the sample companies I evaluate. Adding one percent to these results in SEET Thresholds of 15.5 percent in 2018 and 17.1 percent in 2019.

The thresholds under the Standard Deviation Approach is 15.7 percent in 2018 and 14.1 percent in 2019.[77] Adding one percent to these results in SEET Thresholds of 16.7 percent in 2018 and 15.1 percent in 2019.

The Safe Harbor thresholds (two percentage points above the benchmark ROE) are 11.7 percent in 2018 and 12.7 percent in 2019.[78]

[74] Exhibit RJM-1A.
[75] Exhibit RJM-1A.
[76] Garavaglia Testimony, p. 22.
[77] Exhibit RJM-1A.
[78] Exhibit RJM-1A.

Q. Did you consider alternatives in performing your analysis of the SEET Threshold?

A. In addition to examining the SEET Threshold based on the XLU sample, I also analyzed my other samples that use Value Line data. Under the 1.5x and Standard Deviation Approaches, the results of this analysis produce thresholds ranging from 13.7 percent to 15.0 percent in 2018, and 13.7 to 15.6 percent in 2019.[79] With the one percent adder, the SEET Thresholds would become 14.7 percent to 16.0 percent in 2018, and 14.7 to 16.6 percent in 2019.

The Safe Harbor thresholds (two percentage points above the benchmark ROE) are 11.1 percent and 11.5 percent in 2018, and 12.3 percent and 12.4 percent in 2019.[80]

Q. What is the SEET Threshold above which DP&L's ROE would be significantly excessive for Scenarios 3-5 in which the DMR is included in DP&L's earnings?

The SEET Thresholds for Scenarios 3-5 range between 19.7 and 21.1 percent in 2018 and between 18.8 and 23.4 percent in 2019. Specifically, using the 1.5x Approach produces SEET Thresholds between 19.9 percent and 21.1 percent in 2018, and 22.5 percent and 23.4 percent in 2019.[81] Using the Standard Deviation Approach produces SEET Thresholds between 19.7 percent and 20.8 percent in 2018, and 18.8 percent and 19.4 percent in 2019.[82]

[79] Exhibit RJM-1A.
[80] Exhibit RJM-1A.
[81] Exhibit RJM-1B.
[82] Exhibit RJM-1B.

The Safe Harbor thresholds (two percentage points above the benchmark ROE) are between 15.3 percent and 16.1 percent in 2018, and 17.0 percent and 17.6 percent in 2019.[83]

C. ***SEET Results***

Q. What are the results of your SEET analysis?

A. My analysis shows that the ROEs for DP&L for the years 2018 through 2019 are not significantly in excess of the return on comparable publicly traded companies for Scenarios 1 to 5. These results are summarized in Table RJM-7 below.

[83] Exhibit RJM-1B.

Table RJM-7A - 2018 SEET Results

1.5x Approach

Scenario	DP&L ROE	SEET Threshold		
		XLU	Value Line Comparable	All
Scenario 1	0.7%	15.5%	14.7%	15.2%
Scenario 2	3.3%	15.5%	14.7%	15.2%
Scenario 3	6.8%	21.1%	19.9%	20.6%
Scenario 4	13.2%	21.1%	19.9%	20.6%
Scenario 5	8.1%	21.1%	19.9%	20.6%

Standard Deviation Approach

Scenario	DP&L ROE	SEET Threshold		
		XLU	Value Line Comparable	All
Scenario 1	0.7%	16.7%	16.0%	15.8%
Scenario 2	3.3%	16.7%	16.0%	15.8%
Scenario 3	6.8%	20.8%	19.9%	19.7%
Scenario 4	13.2%	20.8%	19.9%	19.7%
Scenario 5	8.1%	20.8%	19.9%	19.7%

Safe Harbor

Scenario	DP&L ROE	SEET Threshold		
		XLU	Value Line Comparable	All
Scenario 1	0.7%	11.7%	11.1%	11.5%
Scenario 2	3.3%	11.7%	11.1%	11.5%
Scenario 3	6.8%	16.1%	15.3%	15.7%
Scenario 4	13.2%	16.1%	15.3%	15.7%
Scenario 5	8.1%	16.1%	15.3%	15.7%

Notes and Sources: Exhibit RJM-1A and Exhibit RJM-1B. 1.5x and Standard Deviation Approaches for Scenarios 1 and 2 include 1% adder per DP&L witness Garavaglia.

Table RJM-7B - 2019 SEET Results

1.5x Approach

Scenario	DP&L ROE	SEET Threshold		
		XLU	Value Line Comparable	All
Scenario 1	2.0%	17.1%	16.6%	16.5%
Scenario 2	11.7%	17.1%	16.6%	16.5%
Scenario 3	8.5%	23.4%	22.6%	22.5%
Scenario 4	13.9%	23.4%	22.6%	22.5%
Scenario 5	13.5%	23.4%	22.6%	22.5%

Standard Deviation Approach

Scenario	DP&L ROE	SEET Threshold		
		XLU	Value Line Comparable	All
Scenario 1	2.0%	15.1%	15.1%	14.7%
Scenario 2	11.7%	15.1%	15.1%	14.7%
Scenario 3	8.5%	19.4%	19.3%	18.8%
Scenario 4	13.9%	19.4%	19.3%	18.8%
Scenario 5	13.5%	19.4%	19.3%	18.8%

Safe Harbor

Scenario	DP&L ROE	SEET Threshold		
		XLU	Value Line Comparable	All
Scenario 1	2.0%	12.7%	12.4%	12.3%
Scenario 2	11.7%	12.7%	12.4%	12.3%
Scenario 3	8.5%	17.6%	17.1%	17.0%
Scenario 4	13.9%	17.6%	17.1%	17.0%
Scenario 5	13.5%	17.6%	17.1%	17.0%

Notes and Sources: Exhibit RJM-1A and Exhibit RJM-1B. 1.5x and Standard Deviation Approaches for Scenarios 1 and 2 include 1% adder per DP&L witness Garavaglia.

Q. What conclusions do you reach about the SEET for DP&L in 2018 and 2019 for Scenarios 1 (All Adjustments) and 2 (DMR Excluded)?

A. DP&L's ROEs in Scenarios 1 and 2 are all below the relevant SEET Threshold in each year and, in most cases, well below it. In 2018, DP&L's ROE for SEET purposes was 0.7 and 3.3 percent under Scenarios 1 and 2, respectively. These ROEs are well below both the Safe Harbor threshold for 2018, which ranged from 11.1 to 11.7 percent, as well as the SEET Thresholds calculated using the 1.5x and Standard Deviation Approaches, which produce thresholds ranging from 14.7 to 16.7 percent, depending on the sample of comparable firms.

In 2019, DP&L's ROE was 2.0 and 11.7 percent under Scenarios 1 and 2, respectively. Again, these ROEs were below the Safe Harbor thresholds (12.3 to 12.7 percent), and were well below the SEET Thresholds calculated using the 1.5x and Standard Deviation Approaches, which produce thresholds ranging from 14.7 to 17.1 percent, depending on the sample of comparable firms.

Q. What conclusions do you reach about the SEET for DP&L in 2018 and 2019 for Scenarios 3-5?

A. DP&L's ROEs in Scenario 3 were 6.8 percent in 2018 and 8.5 percent in 2019; in Scenario 4 were 13.2 percent in 2018 and 13.9 percent in 2019; and in Scenario 5 were 8.1 percent in 2018 and 13.5 percent in 2019. These ROEs were well below the relevant SEET Thresholds, including the Safe Harbor. The Safe Harbor Threshold ranged from 15.3 to 16.1 percent in 2018 and from 17.0 to 17.6 percent in 2019, while the SEET Thresholds based on the 1.5x and Standard Deviation Approaches ranged from 19.7 to 21.1 percent in 2018 and from 18.8 to 23.4 percent in 2019, depending on the sample of comparable

companies. As discussed above, the SEET Thresholds under Scenarios 3-5 are higher than under Scenarios 1 and 2 because DP&L's risk under Scenarios 3-5, in which the DMR is included in earnings for SEET purposes, is significantly higher.

V. CONCLUSION

Q. Please summarize your conclusions about the SEET for DP&L in 2018 and 2019.

A. I find that DP&L's ROEs under each of the scenarios I sponsor or co-sponsor are below reasonable SEET Thresholds. My conclusion that DP&L's ROEs in 2018 and 2019 are below the SEET Threshold is robust to using peers from the XLU index, the Value Line utility index with BBB+, BBB, or BBB- credit ratings, or the combined sample. My conclusion that the 2018 and 2019 ROEs for DP&L are below the SEET Threshold is also robust to calculating the threshold as the peer average plus 1.64 times the peer standard deviation rather than 1.5 times the peer average.

Q. Does this conclude your direct testimony?

A. Yes.

APPENDIX A

R. JEFFREY MALINAK
Managing Principal

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Suite 400
Washington, DC 20006

Mr. Malinak specializes in financial economics, with particular expertise in damages estimation, applied finance theory, and business and asset valuation. He has provided deposition and arbitration testimony on economic damages issues, and has testified on financial integrity, cost of capital and economic issues in utility rate hearings. Mr. Malinak has directed litigation projects in many industries on issues related to securities (including derivative securities), antitrust, breach of contract, taxation, regulatory economics, and intellectual property claims. Mr. Malinak has frequently addressed class certification and damages issues in securities fraud cases, as well as the myriad economic, financial, and accounting issues common to most damages calculations, such as cost of capital and prejudgment interest.

He has considerable experience in tax-related work, including leading Analysis Group teams in *Black & Decker, Inc. v. United States* and *Chemtech Royalty Associates L.P. v. United States,* as well as in financial institutions and risk management, having been heavily involved in the *Winstar* savings and loan litigations, and having also completed a major project on the risk of Fannie Mae. Mr. Malinak has acted as a management consultant to clients in the energy, environmental, and health care industries, and as an economic valuation and business strategy consultant to clients with new technology, intellectual property, and intangible assets.

He is the treasurer, head of the audit and finance committee, and a member of the executive committee and board of directors of the Meridian International Center, an international leadership organization that works with partners in the government, private, NGO, and educational sectors to create lasting international partnerships through leadership programs and cultural exchanges. Prior to joining Analysis Group, Mr. Malinak was a principal at Putnam, Hayes & Bartlett, Inc.

EDUCATION

M.B.A. (Finance and Accounting), University of Texas Graduate School of Business (Austin, Texas)

B.A., Social Sciences, *with Distinction*, Stanford University (Palo Alto, California)

PROFESSIONAL EXPERIENCE

2000- *Managing Principal,* Analysis Group, Inc. (Washington, D.C.).
Financial and economic analysis and testimony related to complex securities, finance, accounting, antitrust and general business litigation. Financial and economic consulting related to public policy issues and business and other asset valuation.

1997-1999 *Vice President*, Analysis Group, Inc. (Washington, D.C.).

1996-1997 *Vice-President and Secretary/Treasurer*, Malinak Medical Products, Inc., (Phoenix, Arizona), a wholesale medical supplies and service company.

1994-1996 *Principal,* Putnam, Hayes & Bartlett, Inc. (Washington, D.C.).

1988-1993 *Associate*, Putnam, Hayes & Bartlett, Inc. (Washington, D.C.).

1986-1987 *Staff Consultant*, Peterson & Co. (Houston, Texas).

CURRENT BOARD POSITIONS

Meridian International Center, Washington, D.C.

2014-Present Member, Board of Directors and Executive Committee
Treasurer and Chairman of the Audit and Finance Committee

PREVIOUS PROFESSIONAL POSITIONS

Meridian International Center, Washington, D.C.

2013-2014 Member, Audit Committee

American Society of International Law, Washington, D.C.

2009-2011 Member, Audit Committee

SELECTED REPRESENTATIVE CONSULTING ENGAGEMENTS

General Business Litigation

COURT OF CHANCERY OF THE STATE OF DELAWARE
Blue Mountain, et al. v. Bob Evans Farms, Inc.
Overall project management and analysis of the long-term growth rate in cash flows for a consumer packaged goods food business. Key issues included the nature of the competitive forces affecting the relevant segment of the food industry, as well as the economics of long-term cash flow growth rates.

AMERICAN ARBITRATION ASSOCIATION, WASHINGTON, D.C.
Major Commercial Bank v. Federal Deposit Insurance Corporation ("FDIC")
Overall project management and analysis of the value of distressed commercial real estate and related loans in Puerto Rico. Also, in-depth analysis of proper accounting for impaired loans and Other Real Estate Owned under U.S. Generally Accepted Accounting Principles.

CIRCUIT COURT FOR THE CITY OF ALEXANDRIA, VIRIGNIA
General Motors Acceptance Corporation (GMAC) v. Field Auto City, Inc.
Expert report (co-authored) regarding the damages sustained by a car dealership due to the alleged improper withdrawal of floor plan financing by GMAC.

U.S. BANKRUPTCY COURT, SOUTHERN DISTRICT OF NEW YORK
In re: Genuity., et al., Debtors.
Analysis of asset purchase agreement and damages in this bankruptcy proceeding. Key issues included the cause of bankruptcy, the value of the enterprise and the economic and financial impact of the proposed restructuring agreement.

U.S. DISTRICT COURT, DISTRICT OF COLUMBIA
Philip L. Chabot, Jr. v. Brickfield, Burchette & Ritts, P.C. et al.
Expert report regarding the value of an equity interest in a "greenfield" steel company at various stages in the firm lifecycle, including the seed capital and start-up financing stages.

UNITED STATES COURT OF FEDERAL CLAIMS, WASHINGTON, D.C.
FDIC as Receiver for various Savings & Loan Institutions v. The United States

Overall project management and analysis of damages. Key issues included the appropriateness of various damages theories and the value of leverage in the regulated thrift industry.

DISTRICT OF COLUMBIA AND DELAWARE CHANCERY COURTS
Robert Haft v. Herbert Haft and Dart Group

Analysis of the value of large holdings of common stock and options on the common stock of a number of public and private companies with a combined $1 billion plus in revenues. Key issues included assumptions to use in a discounted cash flow analysis (DCF), the valuation of employee stock options and the applicability of minority and marketability discounts to securities prices.

Securities and Commodity Market Litigation

U.S. DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS, HOUSTON DIVISION
United States of America v. Mark David Radley, et al.

Overall case management and analysis of natural gas liquids markets, propane price movements, market microstructure issues and allegations regarding market power and price manipulation. Key issues included the size and definition of the relevant market, the appropriate measurement of market power in the context of futures/forward contract markets, and appropriate methods for analyzing trading behavior and specific claims of price manipulation.

U.S. DISTRICT COURT FOR THE DISTRICT OF MARYLAND, BALTIMORE DIVISION
United States Securities and Exchange Commission v. Agora, Inc., Pirate Investor, LLC and Frank Porter Stansberry

Overall case management and analysis of the materiality to investors of certain information regarding a nuclear fuel processing firm contained in an investor newsletter. Key issues included the effect of public information releases on the firm's stock price.

U.S. DISTRICT COURT, DISTRICT OF MASSACHUSETTS
Class v. Life Sciences Company 1

Expert report on damages and participation in a mediation hearing. The analysis addressed the value of the common stock and other securities of a Life Sciences company at different times and under different assumptions.

U.S. DISTRICT COURT, DISTRICT OF MASSACHUSETTS
Class v. Life Sciences Company 2

Expert report on the alleged damages of the lead plaintiff, which was a hedge fund, and analysis of alleged class-wide damages. The expert report, which was filed in support of a motion in opposition to class certification, addressed the economic impact on the lead plaintiff of the simultaneous increase in value of a short position in the Life Sciences' firm's common stock and the decrease in value of the plaintiff's convertible bond position.

U.S. DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS
In Re: Xcelera.com Securities Litigation

Overall case management and analysis of the efficiency of the market for the equity securities of an internet-related firm for class certification purposes in a 10b-5 matter. Key issues included the existence of limits to arbitrage (e.g., short sales constraints) and the extent of participation by traders who were trading based on non-fundamental economic criteria during the class period.

U.S. DISTRICT COURT FOR THE DISTRICT OF IDAHO
Muzinich & Co., Inc. et al. v. Raytheon Company, et al.

Overall case management and analysis of the efficiency of the market for the unregistered 144A bonds of a construction firm. Key issues included the existence of appropriate analyst coverage, the amount of trading volume, the nature of the reaction of the bond prices to new information and the size of the bid-ask spread.

COURT OF COMMON PLEAS, PHILADELPHIA COUNTY
Plaintiff Class v. Sun Company, Inc.

Overall case management and analysis of trading in Sun common stock related to allegations that a preferred stock redemption rate calculation was affected by stock price manipulation.

U.S. DISTRICT COURT, EASTERN DISTRICT OF PENNSYLVANIA
Plaintiff Class v. Centocor, Inc.

Analysis of alleged securities fraud damages and other economic issues in a 10b-5 matter involving allegations surrounding the announcement of the outcome of joint venture negotiations. Key issues included the measurement of abnormal stock returns in the presence of extreme volatility and the analysis of damages, if any, to various investor sub-classes, including day traders and short-sellers.

U.S. DISTRICT COURT, NORTHERN DISTRICT OF ILLINOIS
Plaintiff Class v. Kemper Mutual Funds

Analysis regarding distribution of returns on over 130,000 S&P500 futures transactions in investigation of improper trading and self-dealing by the fund manager in class-action involving investors in two public equity mutual funds. Key issues included definition of hedging strategies, trade matching methods and appropriate statistical methods.

TEXAS STATE COURT, BEAUMONT
Plaintiff Class v. Paine Webber

Analysis of the sale prices for limited partnership units. Key issues included the amount of damages sustained by two different investor classes, the average settlement amounts in securities fraud matters, and the value of a company after a roll-up reorganization into an equity financed company.

Tax-Related Litigation

UNITED STATES TAX COURT, WASHINGTON D.C.
Major Media Company v. Commissioner of Internal Revenue

Overall case management and analysis of a complex transaction and financial and industry data. Work included analysis of the economics and value of a major sports franchise, and valuation of a debt guarantee.

UNITED STATES TAX COURT, WASHINGTON D.C.
Major Multinational Manufacturing Company v. Commissioner of Internal Revenue

Overall case management and analysis of financial data and complex transactions. Work included assessing the economic substance and business purpose of a series of complex transactions in a repatriation matter.

UNITED STATES DISTRICT COURT, MIDDLE DISTRICT OF LOUISIANA
Chemtech Royalty Associates, L.P., by Dow Europe, S.A. as Tax Matters Partner v. United States of America

Overall case management and analysis of financial data and complex transactions. Work included assessing whether certain instruments were more akin to debt or equity from an economic point of view.

GOVERNMENT TAX-RELATED INVESTIGATION
Major Non-U.S. Multinational Company v. United States

Overall case management and analysis of computerized accounting data. Work involved obtaining and analyzing all of the computerized accounting data for a large division of a major multinational to determine the way the firm accounted for certain intercompany transactions and managed its cash flow.

UNITED STATES DISTRICT COURT, NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION
SCVHG Valley Housing Group, Inc. v. United States

Overall case management and analysis of finance and valuation issues. Work included assessing the economic substance and business purpose of a transaction involving issuance of warrants, the valuation of the warrants, and the market valuation of an S-Corp's securities.

UNITED STATES DISTRICT COURT, NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION
SCVHG Valley Housing Group, Inc. v. United States

Overall case management and analysis of finance and valuation issues. Work included assessing the economic substance and business purpose of a transaction involving issuance of warrants, the valuation of the warrants, and the market valuation of an S-Corp's securities.

AMERICAN ARBITRATION ASSOCIATION, CHICAGO, ILLINOIS
Tax Payer v. Tax Transaction Participant

Overall case management and analysis of finance and valuation issues. Work included assessing the economic substance of a transaction involving the purchase of emerging market distressed consumer and trade debt, determining the value of this distressed debt and performing "forensic accounting" analysis.

U.S. COURT OF FEDERAL CLAIMS
National Westminster Bank, PLC. v. United States

Overall case management and analysis of accounting issues. Work included the reconstruction of the financial statements of the U.S. branches of a foreign bank, based on accounting and other information that was incomplete and, in many cases, over 20 years old.

U.S. DISTRICT COURT, DISTRICT OF MARYLAND, BALTIMORE DIVISION
WFC Holdings Corp. v. United States

Overall case management and analysis of economic issues. Key issues included the economic substance and business purpose of a transaction involving the formation of a special purpose entity.

U.S. DISTRICT COURT, DISTRICT OF MARYLAND, BALTIMORE DIVISION
Black and Decker, Inc. v. United States

Overall case management and analysis of economic issues. Key issues included the economic substance and business purpose of a transaction involving the formation of a special purpose entity and the payoff structures of different financial instruments.

U.S. DISTRICT COURT, SOUTHERN DISTRICT OF W. VIRGINIA
Flat Top Insurance Agency v. United States

Expert report regarding the economic life and value of insurance renewal intangible assets to be used for tax depreciation purposes.

U.S. DISTRICT COURT, EASTERN DISTRICT OF VA, RICHMOND DIV.
Trigon Insurance Company vs. United States of America

Overall case management and analysis of economic issues in a tax refund case involving a customer base as an intangible asset.

Non-Securities Class Action Litigation

U.S. DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY
Beverly Clark, et al., v. Prudential Insurance Company of America

Analysis of damages and other issues related to class certification. Key issues included the appropriate damages methodology and the extent to which individual inquiry was required to accurately determine damages.

Antitrust

U.S. DISTRICT COURT, NORTHERN DISTRICT OF CALIFORNIA
Central Garden & Pet Company v. The Scotts Company and Pharmacia

Overall case management and analysis of antitrust damages. Key issues included the appropriate herbicide product market definition, the measurement of market power, and the effect of the trend towards "big box" retailers on herbicide manufacturers and distributors.

U.S. DISTRICT COURT, NORTHERN DISTRICT OF IOWA
Act, Inc. v. Sylvan Learning Systems

Overall case management and analysis of market power issues and antitrust damages.

TEXAS STATE COURT, CORPUS CHRISTI
Independent Service Provider v. IBM

Damages and antitrust analyses prepared on behalf of IBM. Key issues included definition of relevant markets, calculation of the defendant's market share, calculation of antitrust and business disparagement damages and valuation of settlement options.

U.S. DISTRICT COURT, FLORIDA
Thermo Electron & Rolls Royce, Inc. v. Florida Power & Light

Analysis of damages due to alleged anticompetitive acts by an electric utility. Key issues included forecasting of fuel prices, business decision-making procedures, profitability of cogeneration facilities and the appropriate cost of capital to use in evaluating investments in electricity generation facilities.

TEXAS COURT
ETSI Pipeline Project, et al. v. Burlington Northern, et al.

Assistance to counsel in rebutting opposing expert's lost profits damages claim. Key issues included the appropriate measure of lost profits and the appropriate discount and interest rates to apply in valuing the lost profits stream.

Environmental Insurance and Other Insurance Litigation

CONFIDENTIAL MATTER
Financial Institutions v. Group of Insurers/Reinsurers

Analysis of potential trading and other losses due to business interruption resulting from a major hurricane.

SUPERIOR COURT OF THE STATE OF WASHINGTON, KING COUNTY
Alcoa Inc., and Northwest Alloys, Inc., v. Accident and Casualty Insurance Company, et al.

Analysis of the history of environmental regulation of various pollutants to determine the extent of government and industry knowledge regarding those pollutants at various policy dates. Analysis of economic damages due to environmental contamination.

ENVIRONMENTAL INSURANCE SETTLEMENT MATTER
General Electric v. Environmental Insurance Firms

Analysis of the value of future environmental remediation cost liabilities for settlement purposes, including the determination of the appropriate discount and inflation rates to use in valuing projected environmental remediation costs.

Intellectual Property Litigation

U.S. DISTRICT COURT, DISTRICT OF CONNECTICUT
Joint Medical Products Corporation v. Depuy, Inc., et al.

Analysis of patent damages. Key issues: the factors driving the buying decision in the hip implant market, fixed versus variable costs and relevant licensing rates for comparable products.

U.S. DISTRICT COURT, EASTERN DISTRICT OF VIRGINIA
Wang Laboratories, Inc. v. America Online, Inc. and Netscape Communications Corp.

Valuation of patented on-line services software interface features. Key issue: the economic value of customer retention.

U.S. DISTRICT COURT, EASTERN DISTRICT OF PENNSYLVANIA
BTG USA, Inc. v. Magellan Corp. / BTG v. Trimble Navigation

Patent damages: analysis of prejudgment interest, reasonable royalty, value of inventory on hand, preparation and investments made and business commenced (as of patent reissuance) involving a patent directed to secret or secure communications technology employed in global positioning systems products.

U.S. DISTRICT COURT, DISTRICT OF MASSACHUSETTS
Polaroid v. Kodak

Patent damages: analysis and preparation of trial exhibits in support of academic witness's discount and interest rate testimony. Analysis of fixed and variable costs for use in lost profits study involving an instant photography technology patent.

Management Consulting and Valuation Projects

CLIENT: FANNIE MAE

Overall responsibility for assisting in the preparation of a white paper appearing on Fannie Mae's website, including analysis of the financial risk of Fannie Mae. Key issues included the appropriate model to use in evaluating the risk of a large regulated mortgage banking and guarantee business with a sophisticated hedging operation using derivatives.

CLIENT: ENVIRONMENTAL INSURANCE FIRM

Expert report regarding the appropriate discount and inflation rates to use in calculating the present value of projected environmental remediation costs. Participation in settlement meetings.

CLIENT: HOSPITAL MANAGEMENT

Analysis of the value of a hospital in connection with a proposed hospital merger transaction. Key issues included the appropriate measure of hospital profits, the cost of capital to use in valuing those profits and the impact of market forces (e.g., managed care) on the hospital's future revenues.

CLIENT: MAJOR FEDERAL GOVERNMENT AGENCY

Review of the decision making methods and data regarding a large government energy project. Key issues included the best quantitative methods to use to support the government's decision, the appropriate discount rates to use in valuing different projects and the option value of flexibility when projecting the cost of private and government mega-projects.

CLIENT: WOOD FLOORING MANUFACTURER

Preparation of an economic feasibility study for the installation of a cogeneration facility by a basketball court flooring manufacturer. Effort included extensive research into the cost of constructing a facility and the projected cost of power in the Upper Peninsula of Michigan.

Regulatory Consulting

PUBLIC UTILITIES COMMISION OF OHIO, Case No. 19-0162-EL-RDR

Pre-filed direct testimony focused on (a) the amount of a two-year extension of Dayton Power and Light's (DP&L's) Distribution Modernization Rider (DMR-E) that would be required to put DP&L in a financial position to invest in grid modernization at a reasonable cost, and to return it to a level of financial health consistent with its peers, and (b) whether such DMR-E would be favorable to DP&L's customers.

SOUTH CAROLINA PUBLIC SERVICE COMMISSION, DOCKETS NO. 2017-207-E; 2017-305-E; and 2017-370-E (Rate Proceeding Involving Nuclear Power Plant Costs)

Overall project management and analysis of economic and financial issues in a rate proceeding to determine the portion of over $5 billion in capital and financing costs for an abandoned nuclear construction project that should be allowed in electricity rates. Issues addressed included the impact of regulatory disallowances on cost of capital, measurement of shareholder losses due to regulatory and political actions, and the appropriate calculation of utility revenue requirements.

PUBLIC UTILITIES COMMISION OF OHIO, DAYTON POWER & LIGHT (DP&L) RATE PROCEEDINGS

Expert witness for DP&L on financial and economic issues in several rate proceedings. See Deposition and Trial Testimony section below.

SOUTH CAROLINA PUBLIC SERVICE COMMISSION, DOCKET NO. 2005-113-G (Application for Increase in Gas Rates and Charges)

Overall project management and analysis of the appropriate cost of capital for a natural gas distribution system.

U.S. ENVIRONMENTAL PROTECTION AGENCY, WASHINGTON, D.C.

Energy Industry

Expert affidavit and declaration on behalf of a number of energy firms in a Freedom of Information Act matter regarding the value of information contained in confidential business documents.

U.S. EPA AND/OR PUBLIC INTEREST GROUPS V. VARIOUS DEFENDANT FIRMS

Various Industries

Analysis of the present value of pollution control costs allegedly avoided due to non-compliance with Clean Water Act regulations. Work included review and critique of the EPA's "BEN" financial model for calculating the economic benefit of noncompliance with Clean Water Act regulations.

DEPOSITION AND TRIAL TESTIMONY

CIRCUIT COURT FOR THE COUNTY OF ORANGE, VIRGINIA
McConnell v. McConnell

Expert and rebuttal reports and hearing testimony regarding the meaning of "personal efforts" as applied to investing, and the increase (decrease) in value of marital assets due to such personal efforts.

PUBLIC UTILITIES COMMISION OF OHIO, Case No.'s 16-0395-EL-SSO, 16-0396-EL-ATA and 16-0397-EL-AAM.

Pre-filed direct, deposition and hearing testimony (in both 2017 and 2019) focused on the issues of (a) whether the Amended Stipulation and Recommendation signed by Dayton Power and Light (DP&L) and various parties in interest is more favorable in the aggregate for ratepayers than a hypothetical Market Rate Offer, and (b) the impact of different rate plans and other assumptions on the financial integrity of DP&L.

PUBLIC UTILITIES COMMISION OF OHIO, Case No.'s 12-426-EL-SSO, 12-427-EL-ATA, 12-428-EL-AAM, 12-429-EL-WVR and 12-672-EL-RDR

Pre-filed direct, rebuttal, deposition and hearing testimony on the issues of (a) whether the proposed Electricity Stabilization Plan filed by DP&L is more favorable in the aggregate for ratepayers than a hypothetical Market Rate Offer, (b) the impact of different rate plans on the financial integrity of DP&L, and (c) the current cost of capital for DP&L.

U.S. DISTRICT COURT, MIDDLE DISTRICT OF NORTH CAROLINA, DURHAM DIV.
Humana Military Healthcare Services, Inc., v. Blue Cross and Blue Shield of North Carolina, et al.

Expert report and deposition testimony regarding the amount of trade secret damages in the context of a large government managed care contract procurement.

AMERICAN ARBITRATION ASSOCIATION (BOSTON OFFICE)
Pragmatech Software v. Silknet Software, Inc.

Expert report and testimony at an arbitration hearing regarding the proper measure of damages in a breach of contract case involving alleged improper use of intellectual property / confidential information.

PUBLICATIONS

"Estimating the Cost of Capital," Litigation Services Handbook, The Role of the Financial Expert, Chapter 10 (pp. 10.1-10.25), Sixth Edition (2017) (co-authored with J. McLean).

"Estimating the Cost of Capital," Litigation Services Handbook, The Role of the Financial Expert, Chapter 7 (pp. 7.1-7.22), Fourth Edition (2007) (co-authored with G. Jetley and L. Stamm).

SPEECHES/COURSES

"The Impact of Regulatory Uncertainty on Electric Utilities, Rate Payers, and Investors," presentation to the Rutgers University CRRI (Center for Research in Regulated Industries) Western Energy Conference, June 2019 (with Megan Accordino, Ryan Hughes, Hunter Holland and Maria Schweitzer).

"First Mover Advantages and e-Competition: Sustaining Superior Profitability in e-Commerce," presented as part of a panel titled, "Effective Use of Expert Witnesses in e-Commerce Antitrust Litigation," at a regional meeting of the antitrust litigation section of the American Bar Association, February 2001.

"Savings & Loan Financial Modeling Issues," presentation to the Receivership Goodwill Section of the Federal Deposit Insurance Corporation, October 2000 (confidential).

"Internet Patents -- Monetary Remedies" (with John C. Jarosz), American Intellectual Property Law Association (22nd Mid-Winter Institute titled, "IP Law in Cyberspace"), February 1999.

NEWSLETTER ARTICLES

"Damage Awards – Royalty Rates versus Profit Rates," IP Litigator, November/December 2000 (Volume 6, Number 6).

"Presenting Economic Expert Testimony to a Jury: Five Golden Rules," antitrust litigation newsletter.

EXHIBIT RJM-1A

SEET BENCHMARKING – ETF AND VALUE LINE PEER SAMPLES SUMMARY

	XLU	Value Line Comparable	All	Value Line Central Only
	2018 ROE			
Number of Firms	28	24	43	14
Arithmetic Average	9.7%	9.1%	9.5%	10.4%
Standard Deviation	3.7%	3.6%	3.2%	2.4%
SEET Thresholds				
Safe Harbor (200 bps)	11.7%	11.1%	11.5%	12.4%
Arithmetic Average × 1.5	14.5%	13.7%	14.2%	15.6%
Arithmetic Average + 1.64 Std. Dev.	15.7%	15.0%	14.8%	14.4%
	2019 ROE			
Number of Firms	27	25	42	14
Arithmetic Average	10.7%	10.4%	10.3%	10.9%
Standard Deviation	2.1%	2.3%	2.1%	1.7%
SEET Thresholds				
Safe Harbor (200 bps)	12.7%	12.4%	12.3%	12.9%
Arithmetic Average × 1.5	16.1%	15.6%	15.5%	16.3%
Arithmetic Average + 1.64 Std. Dev.	14.1%	14.1%	13.7%	13.7%

Notes & Sources:
Calculated from Exhibit RJM-2A and Exhibit RJM-2B.

EXHIBIT RJM-1B

SEET BENCHMARKING – QUINTILE SAMPLE
CREDIT RATING FACTORS

	BB Set	BBB Set
	[A]	[B]
[1] Number of Firms	35	63
[2] Arithmetic Average	21.8%	15.1%
[3] Standard Deviation	12.0%	10.7%
[4] Average Factor		145.1%
[5] Standard Deviation Factor		112.4%

	XLU	Value Line Comparable	All	Value Line Central Only
	[C]	[D]	[E]	[F]
	2018 Adjusted ROE			
[6] Number of Firms	28	24	43	14
[7] Arithmetic Average	14.1%	13.3%	13.7%	15.1%
[8] Standard Deviation	4.1%	4.0%	3.6%	2.7%
SEET Thresholds				
[9] Safe Harbor (200 bps)	16.1%	15.3%	15.7%	17.1%
[10] Arithmetic Average × 1.5	21.1%	19.9%	20.6%	22.7%
[11] Arithmetic Average + 1.64 Std. Dev.	20.8%	19.9%	19.7%	19.6%
	2019 Adjusted ROE			
[12] Number of Firms	27	25	42	14
[13] Arithmetic Average	15.6%	15.1%	15.0%	15.8%
[14] Standard Deviation	2.3%	2.6%	2.3%	1.9%
SEET Thresholds				
[15] Safe Harbor (200 bps)	17.6%	17.1%	17.0%	17.8%
[16] Arithmetic Average × 1.5	23.4%	22.6%	22.5%	23.7%
[17] Arithmetic Average + 1.64 Std. Dev.	19.4%	19.3%	18.8%	19.0%

EXHIBIT RJM-1B

SEET BENCHMARKING – QUINTILE SAMPLE
CREDIT RATING FACTORS

Notes & Sources:

[1]-[3] From Exhibit RJM-5.
[4] = [A][2] / [B][2].
[5] = [A][3] / [B][3].
[6],[12] From Exhibit RJM-1A.
[7],[13] = [4] × Arithmetic Average from Exhibit RJM-1A.
[8],[14] = [5] × Standard Deviation from Exhibit RJM-1A.

EXHIBIT RJM-2A

SEET BENCHMARKING – ANNUAL ROE FOR PEER FIRMS
2018

				Index Inclusion	
				Value Line	
Ticker	Company	ROE	XLU	Comparable	Central Only
[A]	[B]	[C]	[D]	[E]	[F]
[1] LNT	Alliant Energy	11.8%	X		X
[2] AEP	Amer. Elec. Power	10.3	X		X
[3] AWK	Amer. Water Works	10.0	X		
[4] AEE	Ameren Corp.	11.1	X	X	X
[5] CNP	CenterPoint Energy	6.4	X		X
[6] CMS	CMS Energy Corp.	14.2	X	X	X
[7] ED	Consol. Edison	9.0	X		
[8] D	Dominion Energy	11.6	X	X	
[9] DTE	DTE Energy	11.3	X	X	X
[10] DUK	Duke Energy	6.9	X		
[11] EIX	Edison Int'l	(4.0)	X	X	
[12] ETR	Entergy Corp.	13.1	X	X	X
[13] EVRG	Evergy, Inc.	5.1	X		X
[14] ES	Eversource Energy	9.2	X		
[15] EXC	Exelon Corp.	6.6	X	X	
[16] FE	FirstEnergy Corp.	10.2	X	X	
[17] NEE	NextEra Energy	9.9	X		
[18] NI	NiSource Inc.	9.6	X	X	
[19] NRG	NRG Energy	n/a	X		
[20] PCG	PG&E Corp.	n/a	X		
[21] PNW	Pinnacle West Capital	10.0	X		
[22] PPL	PPL Corp.	16.1	X		
[23] PEG	Public Serv. Enterpr.	9.9	X	X	
[24] SCG	SCANA Corp.	n/a	X		
[25] SRE	Sempra Energy	10.1	X	X	
[26] SO	Southern Co.	12.6	X		
[27] WEC	WEC Energy Group	10.9	X		X
[28] XEL	Xcel Energy Inc.	10.7	X		
[29] ALE	ALLETE	8.3		X	X
[30] AGR	AVANGRID, Inc.	3.9		X	
[31] AVA	Avista Corp.	7.8		X	

EXHIBIT RJM-2A

SEET BENCHMARKING – ANNUAL ROE FOR PEER FIRMS
2018

				Index Inclusion		
					Value Line	
	Ticker	Company	ROE	XLU	Comparable	Central Only
	[A]	[B]	[C]	[D]	[E]	[F]
[32]	BKH	Black Hills	10.3		X	
[33]	EE	El Paso Electric	n/a		X	
[34]	FTS.TO	Fortis Inc.	n/a			X
[35]	HE	Hawaiian Elec.	9.5		X	
[36]	IDA	IDACORP, Inc.	9.8		X	
[37]	MGEE	MGE Energy	10.6			X
[38]	NWE	NorthWestern Corp.	9.1		X	
[39]	OGE	OGE Energy	10.8		X	X
[40]	OTTR	Otter Tail Corp.	11.5		X	X
[41]	PNM	PNM Resources	7.8		X	
[42]	POR	Portland General	8.6		X	
[43]	UTL	Unitil Corp.	n/a		X	

Notes & Sources:

AES Corporation is excluded.

[C] Calculated as 2018 profit after deduction of all expenses including taxes, minority interests, and preferred dividends paid and accumulated but before any non-recurring, special, discontinued, and extraordinary items, divided by the average of Q4 2017 through Q4 2018 Common Equity. Excludes firms with an ROE of less than -10%.

[D] The Utilities Select Sector SPDR Fund. Holdings list as of December 31, 2018. From Standard & Poor's Global Market Intelligence.

[E] Sample composed of firms in the Value Line East, Central, or West Electric Utility Industry List and with a Standard & Poor's Corporate Long-Term Rating of BBB-, BBB, or BBB+, as of December 31, 2018. See Exhibit RJM-6A.

[F] Value Line Electric Utility (Central) Industry List.
From Value Line.

EXHIBIT RJM-2B

SEET BENCHMARKING – ANNUAL ROE FOR PEER FIRMS
2019

				Index Inclusion	
				Value Line	
Ticker	Company	ROE	XLU	Comparable	Central Only
[A]	[B]	[C]	[D]	[E]	[F]
[1] LNT	Alliant Energy	11.5%	X		X
[2] AEP	Amer. Elec. Power	10.4	X		X
[3] AWK	Amer. Water Works	10.3	X		
[4] AEE	Ameren Corp.	10.7	X	X	X
[5] ATO	Atmos Energy	9.5	X		
[6] CNP	CenterPoint Energy	11.6	X	X	X
[7] CMS	CMS Energy Corp.	14.0	X	X	X
[8] ED	Consol. Edison	7.6	X		
[9] D	Dominion Energy	6.8	X	X	
[10] DTE	DTE Energy	10.9	X	X	X
[11] DUK	Duke Energy	8.4	X		
[12] EIX	Edison Int'l	13.1	X	X	
[13] ETR	Entergy Corp.	13.0	X	X	X
[14] EVRG	Evergy, Inc.	7.4	X		X
[15] ES	Eversource Energy	9.3	X		
[16] EXC	Exelon Corp.	9.3	X	X	
[17] FE	FirstEnergy Corp.	14.2	X	X	
[18] NEE	NextEra Energy	10.7	X		
[19] NI	NiSource Inc.	8.5	X	X	
[20] NRG	NRG Energy	n/a	X		
[21] PNW	Pinnacle West Capital	10.1	X		
[22] PPL	PPL Corp.	14.4	X		
[23] PEG	Public Serv. Enterpr.	13.4	X	X	
[24] SRE	Sempra Energy	10.6	X	X	
[25] SO	Southern Co.	11.7	X		
[26] WEC	WEC Energy Group	11.3	X		X
[27] XEL	Xcel Energy Inc.	10.8	X		
[28] ALE	ALLETE	7.8		X	X
[29] AGR	AVANGRID, Inc.	4.6		X	
[30] AVA	Avista Corp.	10.5		X	
[31] BKH	Black Hills	9.4		X	

EXHIBIT RJM-2B

SEET BENCHMARKING – ANNUAL ROE FOR PEER FIRMS
2019

				Index Inclusion		
					Value Line	
	Ticker	Company	ROE	XLU	Comparable	Central Only
	[A]	[B]	[C]	[D]	[E]	[F]
[32]	EE	El Paso Electric	n/a		X	
[33]	FTS.TO	Fortis Inc.	n/a			X
[34]	HE	Hawaiian Elec.	9.7		X	
[35]	IDA	IDACORP, Inc.	9.6		X	
[36]	MGEE	MGE Energy	10.4			X
[37]	NWE	NorthWestern Corp.	9.0		X	
[38]	OGE	OGE Energy	11.1		X	X
[39]	OTTR	Otter Tail Corp.	11.6		X	X
[40]	PNM	PNM Resources	10.9		X	
[41]	POR	Portland General	8.4		X	
[42]	UTL	Unitil Corp.	n/a		X	

Notes & Sources:

AES Corporation is excluded.

[C] Calculated as 2019 profit after deduction of all expenses including taxes, minority interests, and preferred dividends paid and accumulated but before any non-recurring, special, discontinued, and extraordinary items, divided by the average of Q4 2018 through Q4 2019 Common Equity. Excludes firms with an ROE of less than -10%.

[D] The Utilities Select Sector SPDR Fund. Holdings list as of December 31, 2019. From Standard & Poor's Global Market Intelligence.

[E] Sample composed of firms in the Value Line East, Central, or West Electric Utility Industry List and with a Standard & Poor's Corporate Long-Term Rating of BBB-, BBB, or BBB+, as of December 31, 2019. See Exhibit RJM-6A.

[F] Value Line Electric Utility (Central) Industry List.
From Value Line.

EXHIBIT RJM-3A

SEET BENCHMARKING – VALUE LINE PEER SAMPLE
2018

Quintile	Asset Beta	N	Book Equity / Assets	N
Q1	0.72	209	0.29	209
Q2	0.85	208	0.38	208
Q3	0.97	209	0.47	209
Q4	1.09	208	0.61	208
Q5	1.84	209	0.95	209
Full Sample	0.91	1,043	0.44	1,043
AES	0.49		0.13	
DP&L	0.41		0.24	

Notes & Sources:

Book Equity / Assets is calculated as Shareholders' Equity / Total Assets, each the average of Q4 2017 through Q4 2018 values.

Asset Beta = Equity Beta / (1 + (1 - Income Tax Rate) × Total Debt / Market Value of Equity), where Market Value of Equity is Common Shares Outstanding × average Wednesday Closing Price for the year. Income Tax Rates that are missing in the data are assumed to be 21%.

DP&L Asset Beta is estimated as the average Asset Beta for the ETF and Value Line Peer Samples, from Exhibit RJM-6A.

DP&L Book Equity / Assets calculated from Standard and Poor's Capital IQ.

From all firms in the Value Line Investment Survey Datafile with non-missing values for Equity Beta, Common Shares Outstanding, Shareholders' Equity, Total Assets, Total Debt, and Average Annual Price. Excludes AES, firms with ROE less than -10% or greater than 50%, and firms with negative Shareholders' Equity.

From Value Line and Standard and Poor's Capital IQ.

EXHIBIT RJM-3B

SEET BENCHMARKING – VALUE LINE PEER SAMPLE
2019

Quintile	Asset Beta	N	Book Equity / Assets	N
Q1	0.71	213	0.27	213
Q2	0.85	213	0.36	213
Q3	0.97	213	0.45	213
Q4	1.09	213	0.58	213
Q5	1.88	213	0.92	213
Full Sample	0.90	1,065	0.43	1,065
AES	0.75		0.12	
DP&L	0.40		0.25	

Notes & Sources:

Book Equity / Assets is calculated as Shareholders' Equity / Total Assets, each the average of Q4 2018 through Q4 2019 values.

Asset Beta = Equity Beta / (1 + (1 - Income Tax Rate) × Total Debt / Market Value of Equity), where Market Value of Equity is Common Shares Outstanding × average Wednesday Closing Price for the year. Income Tax Rates that are missing in the data are assumed to be 21%.

DP&L Asset Beta is estimated as the average Asset Beta for the ETF and Value Line Peer Samples, from Exhibit RJM-6B.

DP&L Book Equity / Assets calculated from Standard and Poor's Capital IQ.

From all firms in the Value Line Investment Survey Datafile with non-missing values for Equity Beta, Common Shares Outstanding, Shareholders' Equity, Total Assets, Total Debt, and Average Annual Price. Excludes AES, firms with ROE less than -10% or greater than 50%, and firms with negative Shareholders' Equity.

From Value Line and Standard and Poor's Capital IQ.

EXHIBIT RJM-4A

FIRM CHARACTERISTICS BY QUINTILE
2018

Firm Count

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	93	66	31	12	7	209
Q2	46	47	51	41	23	208
Q3	24	39	48	44	54	209
Q4	24	27	44	64	49	208
Q5	22	29	35	47	76	209
Any	209	208	209	208	209	1,043

Firm Count – XLU ETF Members

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	16	8	-	-	-	24
Q2	-	-	-	-	-	-
Q3	-	-	-	-	-	-
Q4	-	-	-	-	-	-
Q5	-	-	-	-	-	-
Any	16	8	-	-	-	24

Average Asset Beta

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	0.53	0.57	0.61	0.62	0.65	0.56
Q2	0.78	0.79	0.79	0.80	0.80	0.79
Q3	0.91	0.90	0.91	0.92	0.91	0.91
Q4	1.03	1.04	1.03	1.03	1.03	1.03
Q5	1.26	1.24	1.23	1.26	1.24	1.25
Any	0.77	0.83	0.92	0.99	1.04	0.91

Average Book Equity to Assets

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	0.21	0.33	0.42	0.53	0.66	0.31
Q2	0.21	0.34	0.42	0.52	0.71	0.41
Q3	0.21	0.34	0.43	0.53	0.71	0.48
Q4	0.21	0.35	0.43	0.53	0.73	0.49
Q5	0.19	0.34	0.43	0.54	0.74	0.53
Any	0.21	0.34	0.42	0.53	0.73	0.44

Average ROE

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	17.3%	12.0%	11.6%	12.3%	9.4%	14.2%
Q2	19.7%	20.2%	16.5%	12.1%	10.9%	16.6%
Q3	24.1%	22.2%	19.4%	14.7%	18.3%	19.2%
Q4	25.5%	21.5%	18.4%	15.5%	14.5%	17.8%
Q5	21.3%	16.3%	17.6%	14.1%	13.0%	15.4%
Any	20.0%	17.6%	17.0%	14.2%	14.4%	16.6%

Standard Deviation of ROE

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	11.3%	7.6%	8.0%	8.8%	5.7%	9.9%
Q2	12.7%	9.7%	10.0%	10.6%	8.0%	11.1%
Q3	14.2%	11.6%	10.0%	9.3%	9.1%	10.9%
Q4	15.9%	10.2%	9.3%	9.3%	8.4%	10.8%
Q5	13.2%	11.0%	10.0%	11.7%	11.4%	11.7%
Any	13.1%	10.6%	9.9%	10.2%	10.0%	11.0%

EXHIBIT RJM-4A

FIRM CHARACTERISTICS BY QUINTILE
2018

BBB Set Firm Count

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	34	16	15	5	1	71
Q2	12	13	14	13	2	54
Q3	12	15	18	12	2	59
Q4	6	9	12	17	3	47
Q5	3	9	10	6	6	34
Any	67	62	69	53	14	265

BB Set Firm Count

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	18	9	9	4	-	40
Q2	10	15	21	15	3	64
Q3	7	11	14	7	1	40
Q4	7	8	15	7	5	42
Q5	5	8	9	11	5	38
Any	47	51	68	44	14	224

BBB Set Average ROE

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	13.9%	14.7%	12.8%	8.4%	7.8%	13.4%
Q2	20.3%	22.1%	19.8%	17.2%	7.3%	19.4%
Q3	20.0%	23.7%	21.6%	13.0%	10.6%	19.7%
Q4	27.7%	23.1%	17.4%	18.8%	10.1%	19.8%
Q5	12.9%	21.0%	16.4%	16.8%	12.1%	16.6%
Any	17.3%	20.6%	17.8%	15.9%	10.5%	17.6%

BBB Set Standard Deviation of ROE

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	10.0%	10.3%	6.4%	2.7%	-	9.1%
Q2	14.8%	9.5%	9.9%	11.4%	0.6%	11.7%
Q3	14.0%	10.0%	9.4%	4.3%	6.3%	10.7%
Q4	12.2%	5.2%	5.5%	11.5%	7.9%	10.1%
Q5	4.4%	12.5%	8.3%	6.1%	16.8%	11.4%
Any	12.6%	10.5%	8.8%	9.7%	12.0%	10.8%

BB Set Average ROE

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	23.8%	12.4%	9.2%	10.5%	-	16.6%
Q2	22.0%	19.1%	13.6%	11.2%	13.3%	15.6%
Q3	29.8%	20.8%	17.2%	13.2%	5.5%	19.4%
Q4	31.5%	18.4%	14.3%	13.9%	10.6%	17.5%
Q5	26.4%	18.7%	12.8%	16.2%	17.2%	17.4%
Any	25.7%	18.1%	13.8%	13.1%	13.2%	17.1%

BB Set Standard Deviation of ROE

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	12.2%	7.9%	8.8%	3.5%	-	12.0%
Q2	6.8%	7.0%	7.6%	6.8%	6.4%	8.1%
Q3	14.9%	11.3%	9.6%	3.2%	-	11.9%
Q4	8.9%	7.4%	5.9%	7.4%	6.6%	9.7%
Q5	13.0%	8.8%	8.9%	9.4%	7.1%	10.3%
Any	11.9%	9.0%	8.4%	7.3%	7.4%	10.3%

EXHIBIT RJM-4A

FIRM CHARACTERISTICS BY QUINTILE
2018

Average Factor

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	171.8%	83.9%	72.0%	124.1%	-	124.4%
Q2	108.2%	86.4%	68.6%	64.9%	181.3%	80.5%
Q3	148.7%	87.6%	79.5%	101.5%	52.0%	98.4%
Q4	113.8%	79.8%	82.4%	73.9%	105.5%	88.0%
Q5	204.5%	89.1%	77.9%	96.2%	141.8%	104.5%
Any	148.6%	88.0%	77.4%	82.6%	125.9%	97.4%

Standard Deviation Factor

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	122.8%	76.9%	138.6%	127.9%	-	131.4%
Q2	46.2%	74.4%	76.6%	59.2%	n/a	69.6%
Q3	106.1%	113.1%	102.8%	75.5%	-	111.0%
Q4	73.0%	143.4%	106.1%	64.6%	84.2%	96.6%
Q5	292.2%	70.6%	106.8%	153.4%	42.2%	90.3%
Any	94.6%	86.5%	95.5%	75.7%	61.7%	95.4%

Notes & Sources:

Calculated using quintile thresholds from Exhibit RJM-3A.

Border indicates cell that DP&L is a member of.

From all firms in the Value Line Investment Survey Datafile with non-missing values for Equity Beta, Common Shares Outstanding, Shareholders' Equity, Total Assets, Total Debt, and Average Annual Price. Excludes AES, firms with ROE less than -10% or greater than 50%, and firms with negative Shareholders' Equity.

List of XLU ETF members from Exhibit RJM-2A.

BBB Set consists of firms with a Standard & Poor's long-term issuer credit rating of BBB+, BBB, or BBB- as of December 31, 2018. From Standard and Poor's Capital IQ.

BB Set consists of firms with a Standard & Poor's long-term issuer credit rating of BBB-, BB+, or BB as of December 31, 2018. From Standard and Poor's Capital IQ.

Average and Standard Deviation Factors are calculated as BB Set value divided by BBB Set value.

From Value Line.

EXHIBIT RJM-4B

FIRM CHARACTERISTICS BY QUINTILE
2019

Firm Count

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	89	64	34	14	12	213
Q2	47	55	49	40	22	213
Q3	36	36	47	57	37	213
Q4	20	28	52	55	58	213
Q5	21	30	31	47	84	213
Any	213	213	213	213	213	1,065

Firm Count – XLU ETF Members

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	10	14	1	-	-	25
Q2	-	-	-	-	-	-
Q3	-	-	-	-	-	-
Q4	-	-	-	-	-	-
Q5	-	-	-	-	-	-
Any	10	14	1	-	-	25

Average Asset Beta

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	0.51	0.52	0.60	0.58	0.66	0.54
Q2	0.77	0.78	0.79	0.78	0.79	0.78
Q3	0.91	0.90	0.91	0.92	0.90	0.91
Q4	1.03	1.01	1.03	1.03	1.02	1.03
Q5	1.22	1.21	1.28	1.22	1.26	1.24
Any	0.75	0.81	0.92	0.97	1.05	0.90

Average Book Equity to Assets

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	0.19	0.32	0.40	0.49	0.70	0.31
Q2	0.21	0.31	0.40	0.51	0.72	0.39
Q3	0.18	0.33	0.41	0.51	0.70	0.43
Q4	0.19	0.32	0.41	0.52	0.69	0.48
Q5	0.18	0.32	0.41	0.51	0.72	0.52
Any	0.19	0.32	0.41	0.51	0.71	0.43

Average ROE

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	15.4%	10.9%	12.4%	6.0%	11.9%	12.8%
Q2	20.5%	17.1%	13.9%	12.3%	14.1%	15.9%
Q3	23.2%	21.1%	15.0%	13.1%	12.1%	16.4%
Q4	18.5%	21.9%	18.1%	17.3%	14.9%	17.5%
Q5	22.1%	17.5%	13.0%	14.3%	11.8%	14.3%
Any	18.8%	16.6%	14.8%	13.8%	13.0%	15.4%

Standard Deviation of ROE

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	10.5%	7.4%	6.9%	6.3%	5.4%	9.0%
Q2	10.5%	10.0%	9.4%	9.6%	11.5%	10.5%
Q3	12.0%	12.2%	7.4%	7.7%	9.9%	10.6%
Q4	17.0%	12.9%	9.6%	10.4%	7.7%	11.0%
Q5	15.9%	12.9%	12.5%	9.2%	9.9%	11.8%
Any	12.5%	11.4%	9.5%	9.5%	9.4%	10.7%

EXHIBIT RJM-4B

FIRM CHARACTERISTICS BY QUINTILE
2019

BBB Set Firm Count

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	29	22	9	7	2	69
Q2	10	15	16	6	2	49
Q3	11	12	18	17	3	61
Q4	5	7	18	12	7	49
Q5	2	10	6	8	9	35
Any	57	66	67	50	23	263

BB Set Firm Count

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	17	12	5	5	1	40
Q2	13	21	14	16	-	64
Q3	8	12	13	15	-	48
Q4	7	6	15	7	6	41
Q5	5	9	8	10	7	39
Any	50	60	55	53	14	232

BBB Set Average ROE

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	16.5%	12.8%	15.4%	6.0%	5.8%	13.8%
Q2	20.6%	18.4%	17.5%	10.9%	26.2%	18.0%
Q3	24.2%	20.6%	17.9%	10.4%	17.7%	17.5%
Q4	17.1%	21.6%	19.0%	17.5%	16.3%	18.4%
Q5	47.6%	19.0%	14.3%	14.7%	7.9%	16.0%
Any	19.8%	17.4%	17.4%	12.2%	13.1%	16.6%

BBB Set Standard Deviation of ROE

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	11.3%	5.0%	5.7%	3.4%	0.3%	8.9%
Q2	9.7%	12.1%	9.7%	7.0%	15.5%	11.0%
Q3	11.4%	10.6%	8.1%	5.7%	11.7%	10.2%
Q4	13.1%	7.3%	6.3%	11.8%	5.6%	9.0%
Q5	1.6%	9.0%	9.9%	5.0%	8.5%	11.9%
Any	12.6%	9.6%	8.1%	8.4%	10.6%	10.2%

BB Set Average ROE

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	19.8%	14.0%	10.8%	3.7%	6.0%	14.6%
Q2	25.1%	16.7%	11.1%	10.2%	-	15.6%
Q3	29.3%	17.3%	11.3%	11.6%	-	15.9%
Q4	21.5%	17.9%	13.5%	12.9%	12.7%	15.3%
Q5	20.9%	17.9%	8.4%	12.0%	6.9%	12.8%
Any	23.0%	16.6%	11.4%	10.7%	9.4%	15.0%

BB Set Standard Deviation of ROE

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	11.4%	9.1%	8.3%	3.9%	-	11.0%
Q2	9.3%	9.4%	6.7%	4.0%	-	9.5%
Q3	10.4%	5.8%	4.1%	6.4%	-	9.3%
Q4	12.7%	7.9%	6.8%	10.4%	5.1%	9.3%
Q5	15.2%	15.0%	10.9%	2.9%	6.2%	11.8%
Any	11.9%	9.8%	7.4%	6.3%	6.3%	10.2%

EXHIBIT RJM-4B

FIRM CHARACTERISTICS BY QUINTILE
2019

Average Factor

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	120.1%	109.3%	70.6%	61.4%	104.4%	105.7%
Q2	121.9%	90.5%	63.3%	94.1%	-	86.6%
Q3	121.0%	84.1%	62.9%	111.2%	-	90.9%
Q4	125.4%	83.2%	71.1%	73.9%	78.0%	83.1%
Q5	43.9%	94.3%	58.8%	81.6%	87.9%	80.4%
Any	116.1%	95.5%	65.2%	87.3%	71.2%	90.2%

Standard Deviation Factor

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	100.8%	182.0%	145.6%	115.4%	-	123.7%
Q2	96.1%	77.6%	69.6%	57.3%	-	86.7%
Q3	91.6%	55.2%	51.0%	111.6%	-	90.7%
Q4	97.2%	107.6%	106.9%	87.7%	92.5%	103.1%
Q5	957.1%	166.0%	110.6%	58.5%	73.5%	99.2%
Any	94.4%	102.6%	90.6%	74.8%	59.2%	99.4%

Notes & Sources:

Calculated using quintile thresholds from Exhibit RJM-3B.

Border indicates cell that DP&L is a member of.

From all firms in the Value Line Investment Survey Datafile with non-missing values for Equity Beta, Common Shares Outstanding, Shareholders' Equity, Total Assets, Total Debt, and Average Annual Price. Excludes AES, firms with ROE less than -10% or greater than 50%, and firms with negative Shareholders' Equity.

List of XLU ETF members from Exhibit RJM-2B.

BBB Set consists of firms with a Standard & Poor's long-term issuer credit rating of BBB+, BBB, or BBB- as of December 31, 2019. From Standard and Poor's Capital IQ.

BB Set consists of firms with a Standard & Poor's long-term issuer credit rating of BBB-, BB+, or BB as of December 31, 2019. From Standard and Poor's Capital IQ.

Average and Standard Deviation Factors are calculated as BB Set value divided by BBB Set value.

From Value Line.

EXHIBIT RJM-4C

FIRM CHARACTERISTICS BY QUINTILE
2018 & 2019

Firm Count

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	182	130	65	26	19	422
Q2	93	102	100	81	45	421
Q3	60	75	95	101	91	422
Q4	44	55	96	119	107	421
Q5	43	59	66	94	160	422
Any	422	421	422	421	422	2,108

Firm Count – XLU ETF Members

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	26	22	1	-	-	49
Q2	-	-	-	-	-	-
Q3	-	-	-	-	-	-
Q4	-	-	-	-	-	-
Q5	-	-	-	-	-	-
Any	26	22	1	-	-	49

Average Asset Beta

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	0.52	0.55	0.61	0.60	0.65	0.55
Q2	0.77	0.78	0.79	0.79	0.80	0.78
Q3	0.91	0.90	0.91	0.92	0.90	0.91
Q4	1.03	1.02	1.03	1.03	1.02	1.03
Q5	1.24	1.23	1.26	1.24	1.25	1.24
Any	0.76	0.82	0.92	0.98	1.04	0.90

Average Book Equity to Assets

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	0.20	0.33	0.41	0.51	0.69	0.31
Q2	0.21	0.32	0.41	0.52	0.71	0.40
Q3	0.19	0.33	0.42	0.52	0.71	0.46
Q4	0.20	0.33	0.42	0.52	0.71	0.49
Q5	0.19	0.33	0.42	0.53	0.73	0.52
Any	0.20	0.33	0.42	0.52	0.72	0.44

Average ROE

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	16.4%	11.5%	12.0%	8.9%	11.0%	13.5%
Q2	20.1%	18.5%	15.2%	12.2%	12.4%	16.2%
Q3	23.6%	21.7%	17.2%	13.8%	15.8%	17.8%
Q4	22.3%	21.7%	18.2%	16.3%	14.7%	17.7%
Q5	21.7%	16.9%	15.5%	14.2%	12.4%	14.8%
Any	19.4%	17.1%	15.9%	14.0%	13.7%	16.0%

Standard Deviation of ROE

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	10.9%	7.5%	7.5%	8.2%	5.7%	9.5%
Q2	11.6%	10.0%	9.8%	10.1%	10.0%	10.8%
Q3	12.9%	11.9%	9.1%	8.5%	9.9%	10.9%
Q4	16.7%	11.7%	9.5%	9.9%	8.0%	10.9%
Q5	14.6%	12.0%	11.5%	10.5%	10.6%	11.7%
Any	12.8%	11.0%	9.8%	9.8%	9.7%	10.9%

EXHIBIT RJM-4C

FIRM CHARACTERISTICS BY QUINTILE
2018 & 2019

BBB Set Firm Count

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	63	38	24	12	3	140
Q2	22	28	30	19	4	103
Q3	23	27	36	29	5	120
Q4	11	16	30	29	10	96
Q5	5	19	16	14	15	69
Any	124	128	136	103	37	528

BB Set Firm Count

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	35	21	14	9	1	80
Q2	23	36	35	31	3	128
Q3	15	23	27	22	1	88
Q4	14	14	30	14	11	83
Q5	10	17	17	21	12	77
Any	97	111	123	97	28	456

BBB Set Average ROE

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	15.1%	13.6%	13.8%	7.0%	6.4%	13.6%
Q2	20.4%	20.1%	18.6%	15.2%	16.8%	18.7%
Q3	22.0%	22.3%	19.8%	11.5%	14.8%	18.6%
Q4	22.9%	22.4%	18.4%	18.2%	14.5%	19.1%
Q5	26.8%	19.9%	15.6%	15.6%	9.6%	16.3%
Any	18.5%	18.9%	17.7%	14.1%	12.1%	17.1%

BBB Set Standard Deviation of ROE

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	10.7%	7.8%	6.2%	3.3%	1.0%	9.0%
Q2	12.7%	11.1%	9.9%	10.7%	14.5%	11.4%
Q3	13.0%	10.4%	8.9%	5.3%	10.5%	10.5%
Q4	13.6%	6.3%	6.1%	11.6%	7.0%	9.6%
Q5	17.4%	10.8%	9.0%	5.6%	12.7%	11.7%
Any	12.7%	10.1%	8.5%	9.3%	11.2%	10.6%

BB Set Average ROE

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	21.8%	13.3%	9.8%	6.7%	6.0%	15.6%
Q2	23.7%	17.7%	12.6%	10.7%	13.3%	15.6%
Q3	29.5%	19.0%	14.3%	12.1%	5.5%	17.5%
Q4	26.5%	18.2%	13.9%	13.4%	11.8%	16.4%
Q5	23.6%	18.3%	10.7%	14.2%	11.2%	15.1%
Any	24.3%	17.3%	12.7%	11.8%	11.3%	16.0%

BB Set Standard Deviation of ROE

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	12.0%	8.7%	8.7%	5.0%	-	11.5%
Q2	8.5%	8.6%	7.4%	5.5%	6.4%	8.9%
Q3	12.7%	9.1%	8.1%	5.6%	-	10.7%
Q4	12.1%	7.6%	6.3%	9.0%	6.0%	9.6%
Q5	14.4%	12.5%	10.1%	7.4%	8.3%	11.3%
Any	12.0%	9.5%	8.0%	6.9%	7.1%	10.3%

EXHIBIT RJM-4C

FIRM CHARACTERISTICS BY QUINTILE
2018 & 2019

Average Factor

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	145.1%	97.7%	71.2%	95.5%	93.4%	114.9%
Q2	116.2%	87.9%	67.7%	70.2%	79.1%	83.3%
Q3	134.0%	84.9%	72.6%	105.3%	37.0%	94.1%
Q4	115.7%	81.2%	75.8%	73.5%	81.5%	85.8%
Q5	88.2%	91.7%	68.6%	90.9%	117.0%	92.6%
Any	131.8%	91.3%	72.1%	83.5%	92.9%	93.8%

Standard Deviation Factor

	Book Equity / Assets					
Asset Beta	Q1	Q2	Q3	Q4	Q5	Any
Q1	112.4%	111.9%	138.8%	150.3%	-	128.2%
Q2	66.4%	77.2%	74.7%	52.0%	44.0%	77.9%
Q3	97.7%	87.3%	90.1%	105.6%	-	101.5%
Q4	88.3%	121.8%	104.6%	77.6%	85.7%	100.1%
Q5	82.7%	115.0%	112.7%	131.5%	65.6%	97.1%
Any	94.6%	93.7%	95.0%	74.3%	63.5%	97.7%

Notes & Sources:
Calculated using quintile thresholds from Exhibit RJM-3A and Exhibit RJM-3B.
Border indicates cell that DP&L is a member of.
Reflects all firms in the 2018 or 2019 samples. See Exhibit RJM-4A and Exhibit RJM-4B.
List of XLU ETF members from Exhibit RJM-2A and Exhibit RJM-2B.
BBB Set consists of firms with a Standard & Poor's long-term issuer credit rating of BBB+, BBB, or BBB- as of 2018 or 2019. From Standard and Poor's Capital IQ.
BB Set consists of firms with a Standard & Poor's long-term issuer credit rating of BBB-, BB+, or BB as of 2018 or 2019. From Standard and Poor's Capital IQ.
Average and Standard Deviation Factors are calculated as BB Set value divided by BBB Set value.
From Value Line.

EXHIBIT RJM-5

SEET BENCHMARKING – QUINTILE PEER SAMPLE
2018 & 2019

	Ticker	Year	Company	Industry	Net Profit	Average Equity	ROE	Credit Rating
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
[1]	ADNT	2019	Adient plc	Auto Parts	$153	$2,156	7.1%	B+
[2]	ALGT	2018	Allegiant Travel	Air Transprt	162	627	25.8	BB-
[3]	ADS	2019	Alliance Data Sys.	Info Service	854	2,010	42.5	n/a
[4]	ATUS	2019	Altice USA	Cable TV	139	2,853	4.9	BB-
[5]	AXL	2018	Amer. Axle	Auto Parts	380	1,661	22.9	BB-
[6]	AXL	2019	Amer. Axle	Auto Parts	188	1,392	13.5	BB-
[7]	AEP	2018	Amer. Elec. Power	El Util-Cent	1,924	18,722	10.3	A-
[8]	AEP	2019	Amer. Elec. Power	El Util-Cent	2,019	19,402	10.4	A-
[9]	AIG	2019	Amer. Int'l Group	Fin'l Serv.	3,278	62,296	5.3	BBB+
[10]	AMT	2019	Amer. Tower 'A'	Wireless	1,888	5,291	35.7	BBB-
[11]	AWK	2018	Amer. Water Works	Water Util	566	5,652	10.0	A
[12]	AEE	2018	Ameren Corp.	El Util-Cent	815	7,332	11.1	BBB+
[13]	ARMK	2018	ARAMARK Holdings	Diversified	384	2,770	13.9	BB+
[14]	ARMK	2019	ARAMARK Holdings	Diversified	308	3,217	9.6	BB+
[15]	ARGO	2018	Argo Group Int'l	Reinsurance	64	1,794	3.5	n/a
[16]	ABG	2018	Asbury Automotive	Retail Autom	171	445	38.4	BB+
[17]	AIZ	2018	Assurant Inc.	Fin'l Serv.	237	4,879	4.9	BBB
[18]	AIZ	2019	Assurant Inc.	Fin'l Serv.	364	5,516	6.6	BBB
[19]	AN	2018	AutoNation, Inc.	Retail Autom	396	2,535	15.6	BBB-
[20]	AXTA	2018	Axalta Coating	Chem- Spclty	207	1,290	16.1	n/a
[21]	AXTA	2019	Axalta Coating	Chem- Spclty	249	1,261	19.8	n/a
[22]	AXS	2018	AXIS Capital Hldgs.	Reinsurance	161	4,457	3.6	A-
[23]	AXS	2019	AXIS Capital Hldgs.	Reinsurance	171	4,630	3.7	A-
[24]	BGS	2018	B&G Foods	Food Process	122	863	14.2	BB-
[25]	BGS	2019	B&G Foods	Food Process	107	860	12.4	B+
[26]	BLL	2018	Ball Corp.	Pack & Cont	454	3,792	12.0	BB+
[27]	BHC	2018	Bausch Health	Drug	1,410	3,925	35.9	B
[28]	BZH	2018	Beazer Homes USA	Homebuilding	57	606	9.4	B-
[29]	WRB	2018	Berkley (W.R.)	Ins Prop/Cas	517	5,433	9.5	BBB+

EXHIBIT RJM-5

SEET BENCHMARKING – QUINTILE PEER SAMPLE
2018 & 2019

	Ticker	Year	Company	Industry	Net Profit	Average Equity	ROE	Credit Rating
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
[30]	BERY	2018	Berry Global Group	Pack & Cont	455	1,252	36.3	BB
[31]	BERY	2019	Berry Global Group	Pack & Cont	459	1,515	30.3	BB+
[32]	BKH	2018	Black Hills	El Util-West	193	1,868	10.3	BBB+
[33]	HRB	2019	Block (H&R)	Fin'l Serv.	6	102	6.0	BBB
[34]	CWT	2018	California Water	Water Util	66	701	9.4	n/a
[35]	CWT	2019	California Water	Water Util	63	741	8.5	n/a
[36]	CG	2018	Carlyle Group	Pub/Priv Eq	93	1,385	6.7	BBB+
[37]	CG	2019	Carlyle Group	Pub/Priv Eq	363	1,722	21.1	BBB+
[38]	KMX	2018	CarMax, Inc.	Retail Autom	842	3,395	24.8	n/a
[39]	KMX	2019	CarMax, Inc.	Retail Autom	888	3,578	24.8	n/a
[40]	CNP	2018	CenterPoint Energy	El Util-Cent	333	5,201	6.4	A-
[41]	CNP	2019	CenterPoint Energy	El Util-Cent	754	6,492	11.6	BBB+
[42]	LUMN	2019	CenturyLink, Inc.	Tele Utility	1,409	14,841	9.5	BB
[43]	CHTR	2018	Charter Communic.	Cable TV	1,230	37,737	3.3	BB+
[44]	CHTR	2019	Charter Communic.	Cable TV	1,668	34,345	4.9	BB+
[45]	CAKE	2019	Cheesecake Factory	Restaurant	116	552	21.1	n/a
[46]	CI	2018	Cigna Corp.	Medical Sv	3,557	19,851	17.9	A-
[47]	CMS	2018	CMS Energy Corp.	El Util-Cent	657	4,620	14.2	BBB+
[48]	CMS	2019	CMS Energy Corp.	El Util-Cent	680	4,866	14.0	BBB+
[49]	KO	2018	Coca-Cola	Beverage	8,935	18,050	49.5	A+
[50]	COKE	2018	Coca-Cola Consol.	Beverage	47	360	13.1	BBB
[51]	COKE	2019	Coca-Cola Consol.	Beverage	92	361	25.6	BBB
[52]	COMM	2019	CommScope Holding	Tele Equip	401	1,795	22.3	B
[53]	CMP	2018	Compass Minerals Int	Chem (Basic)	66	597	11.0	BB-
[54]	CNSL	2019	Consol. Communic.	Tele Utility	(20)	365	(5.6)	B
[55]	CNR	2019	Cornerstone Building	Bldg Mat'ls	(15)	801	(1.9)	B+
[56]	CVA	2018	Covanta Holding Corp	Power	152	527	28.8	BB-
[57]	CVA	2019	Covanta Holding Corp	Power	10	422	2.4	BB-
[58]	DVA	2018	DaVita Inc.	Medical Sv	606	4,097	14.8	BB

EXHIBIT RJM-5

SEET BENCHMARKING – QUINTILE PEER SAMPLE
2018 & 2019

	Ticker	Year	Company	Industry	Net Profit	Average Equity	ROE	Credit Rating
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
[59]	DVA	2019	DaVita Inc.	Medical Sv	706	3,216	21.9	BB
[60]	DISCA	2018	Discovery, Inc.	Entertain	1,148	7,387	15.5	BBB-
[61]	DISH	2018	Dish Network 'A'	Cable TV	1,575	7,781	20.2	B
[62]	D	2018	Dominion Energy	El Util-East	2,130	18,294	11.6	BBB+
[63]	DTE	2018	DTE Energy	El Util-Cent	1,120	9,938	11.3	BBB+
[64]	EIX	2018	Edison Int'l	El Util-West	(411)	10,224	(4.0)	BBB+
[65]	EIX	2019	Edison Int'l	El Util-West	1,356	10,318	13.1	BBB
[66]	ETR	2018	Entergy Corp.	El Util-Cent	1,078	8,249	13.1	BBB+
[67]	ETR	2019	Entergy Corp.	El Util-Cent	1,241	9,574	13.0	BBB+
[68]	EXC	2018	Exelon Corp.	El Util-East	2,010	30,477	6.6	BBB
[69]	EXC	2019	Exelon Corp.	El Util-East	2,936	31,583	9.3	BBB+
[70]	STAY	2019	Extended Stay Americ	Hotel/Gaming	70	785	8.9	BB-
[71]	FE	2018	FirstEnergy Corp.	El Util-East	655	6,444	10.2	BBB
[72]	FE	2019	FirstEnergy Corp.	El Util-East	991	6,996	14.2	BBB
[73]	F	2018	Ford Motor	Automotive	3,677	36,051	10.2	BBB
[74]	F	2019	Ford Motor	Automotive	47	35,392	0.1	BBB-
[75]	FORR	2019	Forrester Research	Info Service	31	150	20.6	n/a
[76]	GATX	2018	GATX Corp.	Railroad	200	1,815	11.0	BBB
[77]	GATX	2019	GATX Corp.	Railroad	201	1,811	11.1	BBB
[78]	GE	2018	Gen'l Electric	Diversified	5,245	47,540	11.0	BBB+
[79]	GE	2019	Gen'l Electric	Diversified	5,654	31,636	17.9	BBB+
[80]	GIS	2018	Gen'l Mills	Food Process	1,821	4,714	38.6	BBB
[81]	GIS	2019	Gen'l Mills	Food Process	1,946	6,601	29.5	BBB
[82]	GM	2018	Gen'l Motors	Automotive	9,462	36,480	25.9	BBB
[83]	GM	2019	Gen'l Motors	Automotive	7,083	41,757	17.0	BBB
[84]	GNW	2019	Genworth Fin'l	Insrnce Life	469	13,571	3.5	B
[85]	GS	2018	Goldman Sachs	Invest Bank	9,860	74,541	13.2	BBB+
[86]	GS	2019	Goldman Sachs	Invest Bank	7,867	79,522	9.9	BBB+
[87]	GT	2019	Goodyear Tire	Auto Parts	253	4,741	5.3	BB-

EXHIBIT RJM-5

SEET BENCHMARKING – QUINTILE PEER SAMPLE
2018 & 2019

	Ticker	Year	Company	Industry	Net Profit	Average Equity	ROE	Credit Rating
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
[88]	GPK	2018	Graphic Packaging	Pack & Cont	221	1,671	13.2	n/a
[89]	GPK	2019	Graphic Packaging	Pack & Cont	207	1,626	12.7	n/a
[90]	GTN	2019	Gray Television	Entertain	140	1,349	10.4	B+
[91]	GHL	2019	Greenhill & Co.	Invest Bank	11	38	28.8	BB
[92]	GFF	2018	Griffon Corp.	Diversified	32	450	7.1	B+
[93]	GPI	2018	Group 1 Automotive	Retail Autom	180	1,144	15.7	BB+
[94]	GPI	2019	Group 1 Automotive	Retail Autom	204	1,166	17.5	BB+
[95]	HOG	2018	Harley-Davidson	Recreation	616	1,986	31.0	BBB+
[96]	HOG	2019	Harley-Davidson	Recreation	439	1,824	24.1	BBB+
[97]	HE	2018	Hawaiian Elec.	El Util-West	202	2,117	9.5	BBB-
[98]	HE	2019	Hawaiian Elec.	El Util-West	218	2,236	9.7	BBB-
[99]	HEP	2019	Holly Energy Part.	Pipeline MLP	190	409	46.4	BB+
[100]	ICE	2018	Intercontinental Exc	Brok & Exchs	2,077	16,948	12.3	A
[101]	IRM	2018	Iron Mountain	Ind Services	316	2,087	15.1	BB-
[102]	IRM	2019	Iron Mountain	Ind Services	293	1,655	17.7	BB-
[103]	KAR	2018	KAR Auction Svcs.	Retail Autom	328	1,509	21.7	BB-
[104]	KAR	2019	KAR Auction Svcs.	Retail Autom	92	1,601	5.8	BB-
[105]	KRA	2018	Kraton Corp.	Chem- Spclty	67	682	9.8	B+
[106]	KR	2018	Kroger Co.	Rtl/Whl Food	1,745	7,363	23.7	BBB
[107]	KR	2019	Kroger Co.	Rtl/Whl Food	1,786	8,539	20.9	BBB
[108]	LAMR	2018	Lamar Advertising	Advertising	305	1,089	28.0	BB
[109]	LAD	2018	Lithia Motors	Retail Autom	266	1,155	23.0	BB+
[110]	LAD	2019	Lithia Motors	Retail Autom	272	1,310	20.7	BB+
[111]	L	2018	Loews Corp.	Fin'l Serv.	674	18,828	3.6	A
[112]	L	2019	Loews Corp.	Fin'l Serv.	905	19,125	4.7	A
[113]	MKL	2018	Markel Corp.	Ins Prop/Cas	(128)	9,435	(1.4)	BBB
[114]	MDP	2019	Meredith Corp.	Publishing	167	1,049	15.9	B+
[115]	MS	2018	Morgan Stanley	Invest Bank	8,361	70,177	11.9	BBB+
[116]	MS	2019	Morgan Stanley	Invest Bank	8,707	72,805	12.0	BBB+

EXHIBIT RJM-5

SEET BENCHMARKING – QUINTILE PEER SAMPLE
2018 & 2019

	Ticker	Year	Company	Industry	Net Profit	Average Equity	ROE	Credit Rating
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
[117]	NXST	2018	Nexstar Media Group	Entertain	389	1,671	23.3	BB-
[118]	NXST	2019	Nexstar Media Group	Entertain	230	1,929	11.9	BB-
[119]	NI	2018	NiSource Inc.	Nat Gas Util	452	4,689	9.6	BBB+
[120]	NI	2019	NiSource Inc.	Nat Gas Util	439	5,160	8.5	BBB+
[121]	NOC	2018	Northrop Grumman	Aerospace/Df	3,229	8,049	40.1	BBB
[122]	NOC	2019	Northrop Grumman	Aerospace/Df	3,606	8,938	40.3	BBB
[123]	NWN	2018	Northwest Natural	Nat Gas Util	67	755	8.9	n/a
[124]	NWN	2019	Northwest Natural	Nat Gas Util	65	829	7.9	n/a
[125]	OUT	2019	OUTFRONT Media	Advertising	140	1,095	12.8	BB-
[126]	PARR	2019	Par Pacific Holdings	Petro-Integ.	58	602	9.6	n/a
[127]	PENN	2019	Penn Nat'l Gaming	Hotel/Gaming	221	1,655	13.3	B+
[128]	PAG	2018	Penske Auto	Retail Autom	471	2,510	18.7	BB
[129]	PAG	2019	Penske Auto	Retail Autom	436	2,665	16.3	BB
[130]	PAHC	2018	Phibro Animal Health	Food Process	65	177	36.6	n/a
[131]	PAGP	2018	Plains GP Holdings L	Pipeline MLP	334	1,846	18.1	n/a
[132]	PAGP	2019	Plains GP Holdings L	Pipeline MLP	331	2,029	16.3	n/a
[133]	PLT	2018	Plantronics Inc.	Electronics	196	597	32.8	BB
[134]	PLT	2019	Plantronics Inc.	Electronics	125	511	24.5	BB-
[135]	PNM	2018	PNM Resources	El Util-West	133	1,712	7.8	BBB+
[136]	PNM	2019	PNM Resources	El Util-West	182	1,667	10.9	BBB+
[137]	POST	2018	Post Holdings	Food Process	298	2,540	11.7	B+
[138]	POST	2019	Post Holdings	Food Process	367	2,924	12.5	B+
[139]	PPL	2018	PPL Corp.	El Util-East	1,827	11,323	16.1	A-
[140]	RRR	2018	Red Rock Resorts	Hotel/Gaming	148	470	31.5	n/a
[141]	RNR	2018	RenaissanceRe Hldgs.	Reinsurance	336	4,174	8.1	A-
[142]	RNR	2019	RenaissanceRe Hldgs.	Reinsurance	366	5,037	7.3	A-
[143]	QSR	2018	Restaurant Brands In	Restaurant	694	2,036	34.1	B+
[144]	RAD	2018	Rite Aid Corp.	Retail Store	(5)	1,502	(0.4)	B
[145]	R	2018	Ryder System	Truck	305	2,873	10.6	BBB+

EXHIBIT RJM-5

SEET BENCHMARKING – QUINTILE PEER SAMPLE
2018 & 2019

	Ticker	Year	Company	Industry	Net Profit	Average Equity	ROE	Credit Rating
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
[146]	R	2019	Ryder System	Truck	53	2,608	2.0	BBB
[147]	SABR	2018	Sabre Corp.	E-commerce	428	862	49.6	BB
[148]	SABR	2019	Sabre Corp.	E-commerce	278	945	29.4	BB
[149]	SC	2019	Santander Consumer U	Fin'l Serv.	994	7,290	13.6	n/a
[150]	SAIC	2018	Science Applications	Ind Services	205	583	35.1	BB
[151]	SEAS	2018	SeaWorld Entertainme	Recreation	45	287	15.6	n/a
[152]	SEM	2018	Select Med. Hldgs.	Medical Sv	138	830	16.6	n/a
[153]	SEM	2019	Select Med. Hldgs.	Medical Sv	148	795	18.7	n/a
[154]	SRE	2018	Sempra Energy	El Util-West	1,481	14,707	10.1	BBB+
[155]	SLGN	2018	Silgan Holdings	Pack & Cont	224	844	26.5	BB+
[156]	SLGN	2019	Silgan Holdings	Pack & Cont	194	941	20.6	BB+
[157]	SBGI	2018	Sinclair Broadcast	Entertain	341	1,612	21.2	BB-
[158]	SBGI	2019	Sinclair Broadcast	Entertain	179	1,553	11.5	BB-
[159]	SAH	2018	Sonic Automotive	Retail Autom	77	794	9.7	BB-
[160]	SAH	2019	Sonic Automotive	Retail Autom	116	880	13.2	BB-
[161]	SJI	2018	South Jersey Inds.	Nat Gas Util	116	1,256	9.3	BBB
[162]	SJI	2019	South Jersey Inds.	Nat Gas Util	103	1,420	7.3	BBB
[163]	SO	2018	Southern Co.	El Util-East	3,080	24,416	12.6	A-
[164]	SO	2019	Southern Co.	El Util-East	3,339	28,492	11.7	A-
[165]	SPH	2018	Suburban Propane	Pipeline MLP	77	562	13.6	BB-
[166]	SPH	2019	Suburban Propane	Pipeline MLP	69	499	13.8	BB-
[167]	SUN	2019	Sunoco LP	Retail-Hard	313	758	41.3	BB-
[168]	TGNA	2019	TEGNA Inc.	Entertain	286	1,468	19.5	BB
[169]	TEN	2018	Tenneco Inc.	Auto Parts	369	928	39.8	BB
[170]	TEN	2019	Tenneco Inc.	Auto Parts	241	1,612	15.0	BB
[171]	TVTY	2019	Tivity Health	Medical Sv	32	438	7.4	B+
[172]	UNFI	2019	United Natural Foods	Rtl/Whl Food	106	1,642	6.5	B
[173]	VZ	2018	Verizon Communic.	Tele Service	19,279	51,026	37.8	BBB+
[174]	VZ	2019	Verizon Communic.	Tele Service	19,920	57,180	34.8	BBB+

EXHIBIT RJM-5

SEET BENCHMARKING – QUINTILE PEER SAMPLE
2018 & 2019

	Ticker	Year	Company	Industry	Net Profit	Average Equity	ROE	Credit Rating
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]
[175]	VIAC	2019	ViacomCBS Inc.	Entertain	2,752	6,033	45.6	BBB
[176]	VNO	2018	Vornado R'lty Trust	R.E.I.T.	394	3,464	11.4	BBB+
[177]	WM	2018	Waste Management	Environment	1,813	6,126	29.6	A-
[178]	WM	2019	Waste Management	Environment	1,881	6,602	28.5	A-
[179]	WEN	2018	Wendy's Company	Restaurant	147	580	25.3	B
[180]	WEN	2019	Wendy's Company	Restaurant	138	621	22.3	B
[181]	XEL	2018	Xcel Energy Inc.	El Util-West	1,261	11,811	10.7	A-
[182]	XEL	2019	Xcel Energy Inc.	El Util-West	1,372	12,659	10.8	A-

		ROE	
		BB Set	BBB Set
		[I]	[J]
[183]	Count	35	63
[184]	Arithmetic Average	21.8%	15.1%
[185]	Median	19.5%	11.4%
[186]	Standard Deviation	12.0%	10.7%

Notes & Sources:

In millions, except percentages.

Reflects firms in the 1st quintile of Asset Beta and 1st quintile of Book Equity to Assets ratio, from Exhibit RJM-4C.

[E] Profit after deduction of all expenses including taxes, minority interests, and preferred dividends paid and accumulated but before any non-recurring, special, discontinued, and extraordinary items.

[F] The average of Q4 previous year through Q4 current year Common Equity.

[G] = [E] / [F].

[H] Standard & Poor's long-term issuer credit rating, as of December 31 of each year. From Standard and Poor's Capital IQ.

[I] Calculated from [G], if [H] is BBB-, BB+, or BB.

[J] Calculated from [G], if [H] is BBB+, BBB, or BBB-.

From Value Line.

EXHIBIT RJM-6A

ETF AND VALUE LINE PEER SAMPLES
FIRM CHARACTERISTICS
2018

	Ticker	Company	Credit Rating Moody's	Credit Rating S&P	Equity Beta	Asset Beta	Total Assets	Revenue	% Debt (Market Equity)	% Debt (Book Equity)	Debt EBITDA Ratio	EBITDA Margin	Net Income Margin
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
[1]	LNT	Alliant Energy	Baa1	A-	0.65	0.43	$14,748	$3,535	35.1%	55.2%	4.45	34.0%	14.5%
[2]	AEP	Amer. Elec. Power	n/a	A-	0.60	0.36	66,726	16,196	41.0	56.5	4.79	31.4	11.9
[3]	AWK	Amer. Water Works	A3	A	0.60	0.43	20,357	3,440	34.6	59.2	4.88	49.0	16.5
[4]	AEE	Ameren Corp.	Baa1	BBB+	0.60	0.41	26,567	6,291	37.3	54.6	3.66	38.3	13.1
[5]	CNP	CenterPoint Energy	Baa1	A-	0.85	0.57	23,298	10,589	40.9	62.2	4.03	20.0	3.5
[6]	CMS	CMS Energy Corp.	n/a	BBB+	0.55	0.31	23,534	6,873	44.7	70.1	5.17	30.5	9.6
[7]	ED	Consol. Edison	Baa1	A-	0.45	0.27	49,908	12,337	42.2	53.3	4.56	32.2	11.5
[8]	D	Dominion Energy	n/a	BBB+	0.60	0.37	77,802	13,366	43.7	67.0	6.37	43.7	15.9
[9]	DTE	DTE Energy	n/a	BBB+	0.60	0.36	34,704	14,212	40.6	57.4	4.85	19.4	7.9
[10]	DUK	Duke Energy	Baa1	A-	0.55	0.30	141,054	24,521	49.3	56.9	5.85	39.2	12.0
[11]	EIX	Edison Int'l	Baa1	BBB+	0.60	0.38	53,524	12,657	40.6	58.9	10.15	11.4	(2.0)
[12]	ETR	Entergy Corp.	Baa2	BBB+	0.60	0.31	47,672	11,009	54.4	68.3	6.35	25.4	9.9
[13]	EVRG	Evergy, Inc.	n/a	A-	n/a	n/a	26,111	4,276	36.6	44.8	5.20	38.5	12.5
[14]	ES	Eversource Energy	Baa1	A+	0.60	0.38	37,252	8,448	41.5	55.2	5.01	32.8	12.3
[15]	EXC	Exelon Corp.	Baa2	BBB	0.65	0.35	118,024	35,985	47.6	54.3	3.68	27.3	5.6
[16]	FE	FirstEnergy Corp.	Baa3	BBB	0.60	0.35	39,906	11,261	54.3	75.6	5.14	34.5	9.3
[17]	NEE	NextEra Energy	Baa1	A-	0.60	0.45	97,981	16,727	29.6	50.0	3.85	50.4	19.1
[18]	NI	NiSource Inc.	Baa2	BBB+	0.55	0.31	20,574	5,115	50.4	66.1	5.02	35.7	9.1
[19]	NRG	NRG Energy	n/a	BB	1.25	0.89	18,419	9,478	56.6	101.1	9.21	14.3	2.8
[20]	PCG	PG&E Corp.	Baa3	BBB-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
[21]	PNW	Pinnacle West Capital	A3	A-	0.60	0.41	17,399	3,691	36.1	50.4	3.38	41.8	13.8
[22]	PPL	PPL Corp.	Baa2	A-	0.70	0.38	42,627	7,785	50.3	65.9	5.43	51.7	23.5
[23]	PEG	Public Serv. Enterpr.	n/a	BBB+	0.65	0.44	43,922	9,696	35.7	50.4	4.00	37.0	14.4
[24]	SCG	SCANA Corp.	Ba1	BBB+	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
[25]	SRE	Sempra Energy	Baa1	BBB+	0.75	0.45	58,418	11,687	45.0	62.6	6.25	33.7	13.8
[26]	SO	Southern Co.	n/a	A-	0.50	0.28	112,796	23,495	51.3	66.9	5.47	38.3	13.2
[27]	WEC	WEC Energy Group	Baa1	A-	0 55	0.37	32,270	7,680	35.0	53.5	4.82	30.1	13.8
[28]	XEL	Xcel Energy Inc.	A3	A-	0.55	0.34	44,250	11,537	40.6	58.3	4.40	32.5	10.9
[29]	ALE	ALLETE	A3	BBB+	0.70	0.54	5,119	1,499	28.0	41.7	3.70	27.1	11.6
[30]	AGR	AVANGRID, Inc.	Baa1	BBB+	0.30	0.23	31,690	6,478	28.3	28.8	2.99	31.5	9.2
[31]	AVA	Avista Corp.	Baa2	BBB	0.65	0.42	5,568	1,397	36.8	52.7	4.30	32.5	9.8
[32]	BKH	Black Hills	Baa2	BBB+	0.80	0.46	6,696	1,754	50.1	63.6	5.42	34.3	10.6
[33]	EE	El Paso Electric	Baa1	BBB	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
[34]	FTS.TC	Fortis Inc.	Baa3	A-	0.65	0.30	n/a	8,390	n/a	n/a	n/a	43.0	13.5
[35]	HE	Hawaiian Elec.	n/a	BBB-	0.60	0.42	12,940	2,861	34.4	48.7	3.42	20.6	7.1
[36]	IDA	IDACORP, Inc.	Baa1	BBB	0.60	0.44	6,237	1,371	28.4	44.4	3.95	34.0	16.6
[37]	MGEE	MGE Energy	n/a	n/a	0.65	0.55	1,911	560	17.8	36.7	2.43	33.9	15.0
[38]	NWE	NorthWestern Corp.	n/a	BBB	0.60	0.38	5,481	1,198	40.9	52.5	4.74	36.5	14.3
[39]	OGE	OGE Energy	n/a	BBB+	0.90	0.65	10,569	2,270	31.2	44.7	3.91	35.7	18.7
[40]	OTTR	Otter Tail Corp.	Baa2	BBB	0.80	0.62	2,021	916	25.2	46.0	2.99	22.3	9.0

EXHIBIT RJM-6A

ETF AND VALUE LINE PEER SAMPLES
FIRM CHARACTERISTICS
2018

	Ticker	Company	Credit Rating Moody's	Credit Rating S&P	Equity Beta	Asset Beta	Total Assets	Revenue	% Debt (Market Equity)	% Debt (Book Equity)	Debt EBITDA Ratio	EBITDA Margin	Net Income Margin
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
[41]	PNM	PNM Resources	Baa3	BBB+	0.65	0.36	6,757	1,437	47.9	62.9	5.04	40.0	9.3
[42]	POR	Portland General	A3	BBB+	0.60	0.38	7,945	1,991	38.1	49.7	3.35	36.6	10.7
[43]	UTL	Unitil Corp.	Baa2	BBB+	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
[44]	DP&L	Dayton Power and Light Co.	Baa2	BBB-	n/a	n/a	1,712	739	n/a	59.9	2.79	29.5	11.7%
	Average												
		XLU	Baa1	BBB+	0.63	0.40	49,609	11,611	42.9	60.6	5.23	33.6%	11 5%
		Value Line Comparable	Baa2	BBB+	0.63	0.41	29,349	7,333	40.2	55.5	4.75	31.3%	10.6%
		Value Line Central	Baa1	BBB+	0.67	0.44	24,250	6,735	36.0	53.2	4.33	30.7%	11.8%
		All	Baa1	BBB+	0.64	0.41	36,652	8,564	40.1	56.5	4.79	33.4%	11.6%
	Median												
		XLU	Baa1	BBB+	0.60	0.37	41,266	10,799	41.2	57.8	4.94	33.8%	12 2%
		Value Line Comparable	Baa2	BBB+	0.60	0.38	22,054	5,703	40.6	54.4	4.52	33.8%	9.8%
		Value Line Central	Baa1	BBB+	0.65	0.41	23,534	6,582	36.6	54.6	4.45	30.9%	12 2%
		All	Baa1	BBB+	0.60	0.38	26,339	7,680	40.6	55.2	4.77	34.0%	11 9%
	Standard Deviation												
		XLU			0.15	0.12	33,293	7,211	7.0	10.8	1.52	9.8%	5 1%
		Value Line Comparable			0.11	0.10	28,252	7,738	8.5	10.8	1.55	7.5%	4 2%
		Value Line Central			0.11	0.12	17,917	4,766	8.9	9.7	0.99	6.9%	3 5%
		All			0.14	0.12	33,768	7,408	8.7	12.0	1.49	8.8%	4.6%

Notes & Sources:

In millions, except ratios and percentages.

Consists of firms in the XLU, Value Line Comparable, and Value Line Central Only samples, from Exhibit RJM-2A.

[C] Moody's long-term issuer credit rating, as of December 31, 2018. From Standard and Poor's Capital IQ.

[D] Standard & Poor's long-term issuer credit rating, as of December 31, 2018. From Standard and Poor's Capital IQ.

[E] Annual Value Line Equity Beta, calculated using weekly NYSE prices, over a 5 year period.

[F] Calculated as [E] / (1 + (1 - Income Tax Rate) × Total Debt / Market Value of Equity), where Market Value of Equity is (Common Shares Outstanding × average Wednesday Closing Price for the year). Income tax rates that are missing in the data are assumed to be 21%.

[G] All current and long-term assets as reported on the company's balance sheet, average of Q4 2017 through Q4 2018.

[H] Total sales revenues less returns, allowances, and sales discounts.

[I] Total Debt / (Total Debt + Market Value of Equity), where Total Debt is the average of Q4 2017 through Q4 2018, and Market Value of Equity is the average of (Common Shares Outstanding × average Wednesday Closing Price for the quarter), for Q4 2017 through Q4 2018.

[J] Total Debt / (Total Debt + Common Equity), where Total Debt and Common Equity are the averages of Q4 2017 through Q4 2018.

[K] Total Debt / Total annual EBITDA, where Total Debt is average of Q4 2017 through Q4 2018.

[L] Total annual EBITDA / [H].

[M] Annual Net Income before extraordinary gains or losses, expressed as a percentage of [H].

[44] From Standard and Poor's Capital IQ.

From Value Line, unless otherwise noted.

EXHIBIT RJM-6B

ETF AND VALUE LINE PEER SAMPLES
FIRM CHARACTERISTICS
2019

	Ticker	Company	Credit Rating Moody's	Credit Rating S&P	Equity Beta	Asset Beta	Total Assets	Revenue	% Debt (Market Equity)	% Debt (Book Equity)	Debt EBITDA Ratio	EBITDA Margin	Net Income Margin
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
[1]	LNT	Alliant Energy	Baa2	A-	0.60	0.41	$16,099	$3,648	34.0%	55.1%	4.41	36.9%	15.3%
[2]	AEP	Amer. Elec. Power	n/a	A-	0.55	0.33	72,374	15,561	39.6	58.6	5.16	34.2	13.0
[3]	AWK	Amer. Water Works	Baa1	A	0.60	0.45	21,892	3,610	31.6	60.0	5.15	48.5	17.2
[4]	AEE	Ameren Corp.	Baa1	BBB+	0.55	0.38	28,061	5,910	34.7	54.9	3.99	40.1	14.1
[5]	ATO	Atmos Energy	n/a	A	0.60	0.48	12,683	2,902	24.4	40.9	2.64	48.7	17.6
[6]	CNP	CenterPoint Energy	Baa2	BBB+	0.80	0.42	33,036	12,301	48.4	67.7	5.25	21.1	7.1
[7]	CMS	CMS Energy Corp.	n/a	BBB+	0.55	0.33	25,492	6,845	43.9	72.0	5.62	32.6	10.0
[8]	ED	Consol. Edison	Baa1	A-	0.45	0.28	55,721	12,574	43.5	54.9	4.90	34.7	10.7
[9]	D	Dominion Energy	n/a	BBB+	0.55	0.38	96,994	16,572	38.4	58.4	6.14	36.9	11.1
[10]	DTE	DTE Energy	n/a	BBB+	0.55	0.34	37,960	12,669	40.3	59.0	5.08	23.9	9.2
[11]	DUK	Duke Energy	Baa1	A-	0.50	0.28	152,946	25,079	48.4	57.9	5.59	43.4	14.9
[12]	EIX	Edison Int'l	Baa3	BBB	0.60	0.37	60,725	12,347	43.9	62.8	4.44	31.8	12.0
[13]	ETR	Entergy Corp.	Baa2	BBB+	0.60	0.34	50,135	10,879	49.5	66.6	5.35	32.8	11.6
[14]	EVRG	Evergy, Inc.	n/a	A-	n/a	n/a	25,852	5,148	40.0	51.1	4.44	41.7	13.0
[15]	ES	Eversource Energy	Baa1	A-	0.60	0.40	39,405	8,526	38.5	55.4	5.12	34.1	13.2
[16]	EXC	Exelon Corp.	Baa2	BBB+	0.70	0.42	122,114	34,438	45.0	54.1	3.68	29.4	8.5
[17]	FE	FirstEnergy Corp.	Baa3	BBB	0.60	0.35	41,049	11,035	47.5	74.5	5.48	33.9	9.1
[18]	NEE	NextEra Energy	Baa1	A-	0 55	0.40	111,039	19,204	29.6	53.6	4.15	51.2	19.6
[19]	NI	NiSource Inc.	Baa2	BBB+	0.55	0.32	22,092	5,209	47.5	64.4	4.92	36.5	9.5
[20]	NRG	NRG Energy	n/a	BB	1.30	0.88	10,277	9,821	37.9	116.3	3.68	17.1	45.2
[21]	PNW	Pinnacle West Capital	A3	A-	0.55	0.38	18,108	3,471	35.1	50.9	4.00	39.9	15.5
[22]	PPL	PPL Corp.	Baa2	A-	0.65	0.37	44,481	7,769	49.9	65.2	5.51	53.0	22.5
[23]	PEG	Public Serv. Enterpr.	n/a	BBB+	0.65	0.45	46,381	10,076	35.0	51.5	4.17	37.4	19.6
[24]	SRE	Sempra Energy	Baa1	BBB+	0.75	0.48	63,047	10,829	41.3	61.7	6.08	38.7	19.9
[25]	SO	Southern Co.	n/a	A-	0.50	0.30	116,434	21,419	44.9	61.5	5.36	39.7	15.7
[26]	WEC	WEC Energy Group	Baa1	A-	0 50	0.35	34,095	7,523	32.2	54.8	4.93	32.7	15.1
[27]	XEL	Xcel Energy Inc.	Baa1	A-	0 50	0.32	48,622	11,529	37.8	58.7	4.49	34.8	11.9
[28]	ALE	ALLETE	Baa1	BBB+	0.65	0.50	5,264	1,241	27.1	41.5	4.08	30.8	13.9
[29]	AGR	AVANGRID, Inc.	Baa1	BBB+	0.40	0.28	33,176	6,338	31.7	32.0	3.57	31.6	11.0
[30]	AVA	Avista Corp.	Baa2	BBB	0.60	0.37	5,920	1,346	40.8	52.5	4.92	31.3	14.6
[31]	BKH	Black Hills	Baa2	BBB+	0.70	0.42	7,183	1,735	42.5	58.6	5.22	35.9	12.4
[32]	EE	El Paso Electric	Baa2	BBB	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
[33]	FTS.TC	Fortis Inc.	Baa3	A-	0.65	0.35	n/a	8,783	n/a	n/a	n/a	43.4	14.1
[34]	HE	Hawaiian Elec.	n/a	BBB-	0.55	0.40	13,453	2,875	32.3	48.9	3.41	21.8	7.7
[35]	IDA	IDACORP, Inc.	Baa1	BBB	0.55	0.42	6,475	1,346	26.4	43.2	3.89	35.1	17.3
[36]	MGEE	MGE Energy	n/a	n/a	0 55	0.47	2,033	569	17.9	38.6	2.88	32.1	15.3
[37]	NWE	NorthWestern Corp.	n/a	BBB	0.60	0.37	5,757	1,258	37.7	52.1	4.78	36.1	14.3
[38]	OGE	OGE Energy	n/a	BBB+	0.80	0.59	10,901	2,232	28.3	44.8	3.84	38.5	20.2
[39]	OTTR	Otter Tail Corp.	Baa2	BBB	0.65	0 51	2,145	920	24.6	46.5	3.07	23.2	9.4
[40]	PNM	PNM Resources	Baa3	BBB+	0.60	0.34	7,133	1,458	46.6	66.0	5.42	40.9	12.5

EXHIBIT RJM-6B

ETF AND VALUE LINE PEER SAMPLES
FIRM CHARACTERISTICS
2019

	Ticker	Company	Credit Rating Moody's	Credit Rating S&P	Equity Beta	Asset Beta	Total Assets	Revenue	% Debt (Market Equity)	% Debt (Book Equity)	Debt EBITDA Ratio	EBITDA Margin	Net Income Margin
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
[41]	POR	Portland General	A3	BBB+	0.60	0.40	8,121	2,123	35.5	50.1	3.36	35.9	10.1
[42]	UTL	Unitil Corp.	Baa2	BBB+	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
[43]	DP&L	Dayton Power and Light Co.	Baa2	BB	n/a	n/a	1,810	735	n/a	56.7	2.75	29.7	17.0%
	Average												
		XLU	Baa2	BBB+	0.61	0.39	52,115	11,366	40.1	60.8	4.80	36.5%	14 9%
		Value Line Comparable	Baa2	BBB+	0.62	0.40	31,853	7,477	38.6	55.8	4.60	32.9%	12.4%
		Value Line Central	Baa2	BBB+	0.62	0.41	26,419	6,731	35.4	54.7	4.47	33.1%	12 9%
		All	Baa2	BBB+	0.61	0.40	38,838	8,478	37.8	56.9	4.57	35.6%	14.4%
	Median												
		XLU	Baa1	A-	0.58	0.37	41,049	10,829	40.0	58.6	4.93	36.5%	13 2%
		Value Line Comparable	Baa2	BBB+	0.60	0.38	25,492	5,910	40.3	54.9	4.78	33.9%	11.6%
		Value Line Central	Baa2	BBB+	0.60	0.38	25,852	6,378	34.7	54.9	4.44	32.8%	13 5%
		All	Baa2	BBB+	0.60	0.38	28,061	7,184	38.4	55.1	4.78	35.5%	13 5%
	Standard Deviation												
		XLU			0.16	0.11	36,585	7,080	6.5	12.9	0.79	8.2%	7 1%
		Value Line Comparable			0.09	0.07	30,335	7,452	7.5	10.3	0.89	5.6%	3.8%
		Value Line Central			0.09	0.08	19,400	4,638	9.0	9.8	0.83	6.6%	3 2%
		All			0.14	0.10	36,641	7,271	7.8	13.2	0.87	7.7%	6 1%

Notes & Sources:

In millions, except ratios and percentages.

Consists of firms in the XLU, Value Line Comparable, and Value Line Central Only samples, from Exhibit RJM-2B.

[C] Moody's long-term issuer credit rating, as of December 31, 2019. From Standard and Poor's Capital IQ.

[D] Standard & Poor's long-term issuer credit rating, as of December 31, 2019. From Standard and Poor's Capital IQ.

[E] Annual Value Line Equity Beta, calculated using weekly NYSE prices, over a 5 year period.

[F] Calculated as [E] / (1 + (1 - Income Tax Rate) × Total Debt / Market Value of Equity), where Market Value of Equity is (Common Shares Outstanding × average Wednesday Closing Price for the year). Income tax rates that are missing in the data are assumed to be 21%.

[G] All current and long-term assets as reported on the company's balance sheet, average of Q4 2018 through Q4 2019.

[H] Total sales revenues less returns, allowances, and sales discounts.

[I] Total Debt / (Total Debt + Market Value of Equity), where Total Debt is the average of Q4 2018 through Q4 2019, and Market Value of Equity is the average of (Common Shares Outstanding × average Wednesday Closing Price for the quarter), for Q4 2018 through Q4 2019.

[J] Total Debt / (Total Debt + Common Equity), where Total Debt and Common Equity are the averages of Q4 2018 through Q4 2019.

[K] Total Debt / Total annual EBITDA, where Total Debt is average of Q4 2018 through Q4 2019.

[L] Total annual EBITDA / [H].

[M] Annual Net Income before extraordinary gains or losses, expressed as a percentage of [H].

[43] From Standard and Poor's Capital IQ.

From Value Line, unless otherwise noted.

EXHIBIT RJM-7A

ETF AND VALUE LINE PEER SAMPLES
PERFORMANCE METRICS
2018

	Ticker	Company	Debt to Assets	Debt to Equity	Current Ratio	Cash Flow to Debt	Credit Rating
	[A]	[B]	[C]	[D]	[E]	[F]	[G]
[1]	LNT	Alliant Energy	0.36	1.20	0.48	0.10	A-
[2]	AEP	Amer. Elec. Power	0.37	1.33	0.48	0.21	A-
[3]	AWK	Amer. Water Works	0.41	1.47	0.37	0.16	A
[4]	AEE	Ameren Corp.	0.33	1.19	0.57	0.24	BBB+
[5]	CNP	CenterPoint Energy	0.34	1.47	2.13	0.23	A-
[6]	CMS	CMS Energy Corp.	0.48	2.48	0.94	0.14	BBB+
[7]	ED	Consol. Edison	0.38	1.24	0.62	0.13	A-
[8]	D	Dominion Energy	0.45	1.75	0.67	0.14	BBB+
[9]	DTE	DTE Energy	0.39	1.39	0.73	0.19	BBB+
[10]	DUK	Duke Energy	0.40	1.32	0.65	0.12	A-
[11]	EIX	Edison Int'l	0.27	1.49	0.62	0.21	BBB+
[12]	ETR	Entergy Corp.	0.38	2.05	0.54	0.13	BBB+
[13]	EVRG	Evergy, Inc.	0.33	0.85	0.59	0.18	A-
[14]	ES	Eversource Energy	0.38	1.27	0.56	0.13	A+
[15]	EXC	Exelon Corp.	0.31	1.19	1.17	0.24	BBB
[16]	FE	FirstEnergy Corp.	0.49	2.92	0.52	0.07	BBB
[17]	NEE	NextEra Energy	0.36	1.10	0.36	0.17	A-
[18]	NI	NiSource Inc.	0.42	1.88	0.51	0.06	BBB+
[19]	NRG	NRG Energy	0.61	(5.28)	1.50	0.21	BB
[20]	PCG	PG&E Corp.	n/a	n/a	0.22	n/a	BBB-
[21]	PNW	Pinnacle West Capital	0.30	1.00	0.56	0.24	A-
[22]	PPL	PPL Corp.	0.51	1.89	0.53	0.13	A-
[23]	PEG	Public Serv. Enterpr.	0.34	1.08	0.71	0.19	BBB+
[24]	SCG	SCANA Corp.	n/a	n/a	1.21	n/a	BBB+
[25]	SRE	Sempra Energy	0.42	1.72	0.48	0.14	BBB+
[26]	SO	Southern Co.	0.40	1.90	0.67	0.15	A-
[27]	WEC	WEC Energy Group	0.35	1.21	0.67	0.21	A-
[28]	XEL	Xcel Energy Inc.	0.38	1.41	0.69	0.18	A-
[29]	ALE	ALLETE	0.29	0.69	0.83	0.29	BBB+
[30]	AGR	AVANGRID, Inc.	0.20	0.42	0.65	0.28	BBB+
[31]	AVA	Avista Corp.	0.36	1.19	0.54	0.17	BBB
[32]	BKH	Black Hills	0.45	1.44	0.78	0.16	BBB+
[33]	EE	El Paso Electric	n/a	n/a	0.55	n/a	BBB

EXHIBIT RJM-7A

ETF AND VALUE LINE PEER SAMPLES
PERFORMANCE METRICS
2018

	Ticker	Company	Debt to Assets	Debt to Equity	Current Ratio	Cash Flow to Debt	Credit Rating
	[A]	[B]	[C]	[D]	[E]	[F]	[G]
[34]	FTS.TO	Fortis Inc.	0.47	1.67	0.77	0.11	A-
[35]	HE	Hawaiian Elec.	0.16	0.96	1.45	0.24	BBB-
[36]	IDA	IDACORP, Inc.	0.29	0.77	2.31	0.27	BBB
[37]	MGEE	MGE Energy	0.26	0.63	1.99	0.30	n/a
[38]	NWE	NorthWestern Corp.	0.38	1.09	0.80	0.18	BBB
[39]	OGE	OGE Energy	0.29	0.79	0.64	0.30	BBB+
[40]	OTTR	Otter Tail Corp.	0.30	0.84	1.42	0.24	BBB
[41]	PNM	PNM Resources	0.42	1.72	0.59	0.15	BBB+
[42]	POR	Portland General	0.31	0.99	0.81	0.25	BBB+
[43]	UTL	Unitil Corp.	n/a	n/a	0.79	n/a	BBB+
[44]	DP&L	Dayton Power and Light Co.	0.32	1.32	1.48	0.33	BBB-
	Average						
	XLU		0.39	1.25	0.71	0.16	BBB+
	Value Line Comparable		0.35	1.36	0.82	0.19	BBB+
	Value Line Central		0.35	1.27	0.91	0.20	BBB+
	All		0.37	1.17	0.81	0.19	BBB+
	Median						
	XLU		0.38	1.36	0.60	0.17	BBB+
	Value Line Comparable		0.35	1.19	0.69	0.19	BBB+
	Value Line Central		0.35	1.20	0.70	0.21	BBB+
	All		0.37	1.24	0.65	0.18	BBB+

Notes & Sources:

Consists of firms in the XLU, Value Line Comparable, and Value Line Central Only samples, from Exhibit RJM-2A.

[C] Total Debt / Total Book Value of Assets. From Value Line.

[D] Total Debt / Book Value of Common Equity. From Value Line.

[E] Current Assets / Current Liabilities. From Standard and Poor's Capital IQ, as of FY 2018.

[F] Cash Flow from Operations / Total Debt. Cash Flow from Standard and Poor's Capital IQ, as of FY 2018; Total Debt from Value Line.

[G] Standard & Poor's long-term issuer credit rating, as of December 31, 2018. From Standard and Poor's Capital IQ.

[44] From Standard and Poor's Capital IQ.

EXHIBIT RJM-7B

ETF AND VALUE LINE PEER SAMPLES
PERFORMANCE METRICS
2019

	Ticker	Company	Debt to Assets	Debt to Equity	Current Ratio	Cash Flow to Debt	Credit Rating
	[A]	[B]	[C]	[D]	[E]	[F]	[G]
[1]	LNT	Alliant Energy	0.37	1.19	0.43	0.11	A-
[2]	AEP	Amer. Elec. Power	0.39	1.51	0.40	0.14	A-
[3]	AWK	Amer. Water Works	0.42	1.55	0.63	0.15	A
[4]	AEE	Ameren Corp.	0.34	1.22	0.57	0.22	BBB+
[5]	ATO	Atmos Energy	0.30	0.69	0.38	0.24	A
[6]	CNP	CenterPoint Energy	0.43	2.34	0.99	0.11	BBB+
[7]	CMS	CMS Energy Corp.	0.49	2.64	0.86	0.14	BBB+
[8]	ED	Consol. Edison	0.37	1.20	0.68	0.14	A-
[9]	D	Dominion Energy	0.37	1.28	0.61	0.14	BBB+
[10]	DTE	DTE Energy	0.42	1.50	0.77	0.15	BBB+
[11]	DUK	Duke Energy	0.39	1.37	0.62	0.13	A-
[12]	EIX	Edison Int'l	0.29	1.43	0.64	(0.02)	BBB
[13]	ETR	Entergy Corp.	0.38	1.94	0.54	0.14	BBB+
[14]	EVRG	Evergy, Inc.	0.38	1.16	0.63	0.18	A-
[15]	ES	Eversource Energy	0.38	1.23	0.67	0.13	A-
[16]	EXC	Exelon Corp.	0.30	1.17	0.85	0.18	BBB+
[17]	FE	FirstEnergy Corp.	0.50	3.01	0.50	0.12	BBB
[18]	NEE	NextEra Energy	0.36	1.15	0.53	0.19	A-
[19]	NI	NiSource Inc.	0.43	1.91	0.49	0.16	BBB+
[20]	NRG	NRG Energy	0.47	3.55	1.31	0.24	BB
[21]	PNW	Pinnacle West Capital	0.31	1.06	0.50	0.17	A-
[22]	PPL	PPL Corp.	0.50	1.77	0.56	0.11	A-
[23]	PEG	Public Serv. Enterpr.	0.34	1.08	0.64	0.21	BBB+
[24]	SRE	Sempra Energy	0.39	1.47	0.36	0.12	BBB+
[25]	SO	Southern Co.	0.39	1.70	0.78	0.12	A-
[26]	WEC	WEC Energy Group	0.36	1.26	0.66	0.18	A-
[27]	XEL	Xcel Energy Inc.	0.37	1.41	0.68	0.17	A-
[28]	ALE	ALLETE	0.29	0.72	0.53	0.15	BBB+
[29]	AGR	AVANGRID, Inc.	0.23	0.53	0.56	0.20	BBB+
[30]	AVA	Avista Corp.	0.35	1.10	0.57	0.19	BBB
[31]	BKH	Black Hills	0.46	1.48	0.58	0.14	BBB+
[32]	EE	El Paso Electric	n/a	n/a	0.51	n/a	BBB

EXHIBIT RJM-7B

ETF AND VALUE LINE PEER SAMPLES
PERFORMANCE METRICS
2019

	Ticker	Company	Debt to Assets	Debt to Equity	Current Ratio	Cash Flow to Debt	Credit Rating
	[A]	[B]	[C]	[D]	[E]	[F]	[G]
[33]	FTS.TO	Fortis Inc.	0.43	1.37	0.62	0.12	A-
[34]	HE	Hawaiian Elec.	0.16	0.94	1.28	0.24	BBB-
[35]	IDA	IDACORP, Inc.	0.28	0.75	1.51	0.20	BBB
[36]	MGEE	MGE Energy	0.26	0.64	1.41	0.24	n/a
[37]	NWE	NorthWestern Corp.	0.38	1.10	0.90	0.13	BBB
[38]	OGE	OGE Energy	0.30	0.80	0.65	0.21	BBB+
[39]	OTTR	Otter Tail Corp.	0.31	0.89	1.34	0.27	BBB
[40]	PNM	PNM Resources	0.44	1.90	0.30	0.16	BBB+
[41]	POR	Portland General	0.33	1.06	0.96	0.20	BBB+
[42]	UTL	Unitil Corp.	n/a	n/a	0.82	n/a	BBB+
[43]	DP&L	Dayton Power and Light Co.	0.33	1.30	0.62	0.33	BB
	Average						
	XLU		0.39	1.59	0.64	0.15	BBB+
	Value Line Comparable		0.36	1.40	0.74	0.16	BBB+
	Value Line Central		0.37	1.37	0.74	0.17	BBB+
	All		0.37	1.40	0.71	0.16	BBB+
	Median						
	XLU		0.38	1.41	0.63	0.14	A-
	Value Line Comparable		0.35	1.22	0.64	0.16	BBB+
	Value Line Central		0.38	1.24	0.64	0.15	BBB+
	All		0.37	1.25	0.63	0.16	BBB+

Notes & Sources:

Consists of firms in the XLU, Value Line Comparable, and Value Line Central Only samples, from Exhibit RJM-2B.

[C] Total Debt / Total Book Value of Assets. From Value Line.

[D] Total Debt / Book Value of Common Equity. From Value Line.

[E] Current Assets / Current Liabilities. From Standard and Poor's Capital IQ, as of FY 2019.

[F] Cash Flow from Operations / Total Debt. Cash Flow from Standard and Poor's Capital IQ, as of FY 2019; Total Debt from Value Line.

[G] Standard & Poor's long-term issuer credit rating, as of December 31, 2019. From Standard and Poor's Capital IQ.

[43] From Standard and Poor's Capital IQ.

EXHIBIT RJM-8A

QUINTILES PEER SAMPLE
PERFORMANCE METRICS
2018

	Ticker	Company	Asset Beta	Book Equity to Assets	Debt to Assets	Debt to Equity	Current Ratio	Cash Flow to Debt	Credit Rating
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
[1]	ALGT	Allegiant Travel	0.62	0.27	0.51	1.84	0.96	0.28	BB-
[2]	AEE	Ameren Corp.	0.41	0.28	0.33	1.19	0.57	0.24	BBB+
[3]	AXL	Amer. Axle	0.47	0.21	0.51	2.57	1.50	0.20	BB-
[4]	AEP	Amer. Elec. Power	0.36	0.28	0.37	1.33	0.48	0.21	A-
[5]	AWK	Amer. Water Works	0.43	0.28	0.41	1.47	0.37	0.16	A
[6]	ARMK	ARAMARK Holdings	0.57	0.21	0.53	2.39	1.17	0.15	BB+
[7]	ABG	Asbury Automotive	0.63	0.18	0.69	3.95	1.19	0.01	BB+
[8]	AIZ	Assurant Inc.	0.68	0.13	0.05	0.39	0.59	0.33	BBB
[9]	AN	AutoNation, Inc.	0.53	0.25	0.62	2.43	0.86	0.08	BBB-
[10]	BGS	B&G Foods	0.39	0.26	0.54	1.82	2.27	0.13	BB-
[11]	BLL	Ball Corp.	0.71	0.22	0.41	1.95	0.96	0.23	BB+
[12]	BHC	Bausch Health	0.30	0.11	0.75	8.89	1.10	0.06	B
[13]	BZH	Beazer Homes USA	0.63	0.28	0.58	1.91	9.43	0.04	B-
[14]	WRB	Berkley (W.R.)	0.71	0.22	0.11	0.51	0.37	0.22	BBB+
[15]	BERY	Berry Global Group	0.61	0.14	0.64	4.08	1.85	0.17	BB
[16]	BKH	Black Hills	0.46	0.28	0.45	1.44	0.78	0.16	BBB+
[17]	CI	Cigna Corp.	0.62	0.23	0.28	1.04	0.64	0.09	A-
[18]	CMS	CMS Energy Corp.	0.31	0.20	0.48	2.48	0.94	0.14	BBB+
[19]	CWT	California Water	0.56	0.25	0.31	1.21	0.59	0.20	n/a
[20]	KMX	CarMax, Inc.	0.62	0.19	0.76	4.23	2.61	(0.01)	n/a
[21]	CG	Carlyle Group	0.37	0.14	0.49	2.65	1.92	(0.05)	BBB+
[22]	CNP	CenterPoint Energy	0.57	0.24	0.34	1.47	2.13	0.23	A-
[23]	CHTR	Charter Communic.	0.52	0.26	0.50	2.01	0.23	0.16	BB+
[24]	COKE	Coca-Cola Consol.	0.58	0.12	0.38	3.18	1.33	0.15	BBB
[25]	KO	Coca-Cola	0.59	0.20	0.52	2.56	0.87	0.18	A+
[26]	CMP	Compass Minerals Int	0.61	0.25	0.58	2.53	2.55	0.13	BB-
[27]	CVA	Covanta Holding Corp	0.49	0.13	0.65	5.12	1.13	0.10	BB-
[28]	DTE	DTE Energy	0.36	0.29	0.39	1.39	0.73	0.19	BBB+
[29]	DVA	DaVita Inc.	0.54	0.21	0.53	2.73	1.72	0.15	BB
[30]	DISCA	Discovery, Inc.	0.61	0.24	0.52	2.03	1.06	0.15	BBB-

EXHIBIT RJM-8A

QUINTILES PEER SAMPLE
PERFORMANCE METRICS
2018

	Ticker	Company	Asset Beta	Book Equity to Assets	Debt to Assets	Debt to Equity	Current Ratio	Cash Flow to Debt	Credit Rating
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
[31]	DISH	Dish Network 'A'	0.71	0.26	0.50	1.76	0.69	0.17	B
[32]	D	El Paso Electric	0.37	0.24	0.45	1.75	0.67	0.14	BBB+
[33]	EIX	Edison Int'l	0.38	0.23	0.27	1.49	0.62	0.21	BBB+
[34]	ETR	Entergy Corp.	0.31	0.18	0.38	2.05	0.54	0.13	BBB+
[35]	EXC	Exelon Corp.	0.35	0.26	0.31	1.19	1.17	0.24	BBB
[36]	FE	FirstEnergy Corp.	0.35	0.16	0.49	2.92	0.52	0.07	BBB
[37]	F	Ford Motor	0.29	0.14	0.60	4.28	1.20	0.10	BBB
[38]	GATX	GATX Corp.	0.56	0.24	0.60	2.55	1.29	0.11	BBB
[39]	GE	Gen'l Electric	0.59	0.14	0.35	3.54	2.26	0.05	BBB+
[40]	GIS	Gen'l Mills	0.58	0.20	0.52	2.58	0.56	0.18	BBB
[41]	GM	Gen'l Motors	0.47	0.17	0.46	2.70	0.92	0.15	BBB
[42]	GS	Goldman Sachs	0.22	0.09	0.45	5.40	1.93	0.04	BBB+
[43]	GPK	Graphic Packaging	0.63	0.25	0.42	1.59	1.50	(0.13)	n/a
[44]	GFF	Griffon Corp.	0.72	0.22	0.54	2.36	2.32	0.01	B+
[45]	GPI	Group 1 Automotive	0.45	0.23	0.61	2.78	1.01	0.09	BB+
[46]	HOG	Harley-Davidson	0.56	0.19	0.71	4.28	1.25	0.16	BBB+
[47]	HE	Hawaiian Elec.	0.42	0.17	0.16	0.96	1.45	0.24	BBB-
[48]	ICE	Intercontinental Exc	0.70	0.20	0.08	0.43	1.01	0.34	A
[49]	IRM	Iron Mountain	0.55	0.18	0.69	4.32	0.81	0.11	BB-
[50]	KAR	KAR Auction Svcs.	0.70	0.21	0.57	2.81	1.26	0.18	BB-
[51]	KRA	Kraton Corp.	0.65	0.23	0.53	2.14	2.19	0.16	B+
[52]	KR	Kroger Co.	0.55	0.20	0.40	1.93	0.78	0.22	BBB
[53]	LAMR	Lamar Advertising	0.68	0.26	0.64	2.55	0.80	0.20	BB
[54]	LAD	Lithia Motors	0.56	0.23	0.64	2.87	1.20	0.15	BB+
[55]	L	Loews Corp.	0.59	0.24	0.15	0.61	0.47	0.37	A
[56]	MKL	Markel Corp.	0.69	0.28	0.09	0.33	2.83	0.30	BBB
[57]	MS	Morgan Stanley	0.51	0.09	0.22	2.66	1.83	0.04	BBB+
[58]	NXST	Nexstar Media Group	0.68	0.23	0.56	2.15	1.90	0.19	BB-
[59]	NI	NiSource Inc.	0.31	0.24	0.42	1.88	0.51	0.06	BBB+
[60]	NOC	Northrop Grumman	0.69	0.22	0.37	1.70	1.17	0.28	BBB

EXHIBIT RJM-8A

QUINTILES PEER SAMPLE
PERFORMANCE METRICS
2018

	Ticker	Company	Asset Beta	Book Equity to Assets	Debt to Assets	Debt to Equity	Current Ratio	Cash Flow to Debt	Credit Rating
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
[61]	NWN	Northwest Natural	0.47	0.25	0.29	1.25	0.58	0.18	n/a
[62]	PNM	PNM Resources	0.36	0.26	0.42	1.72	0.59	0.15	BBB+
[63]	PPL	PPL Corp.	0.38	0.27	0.51	1.89	0.53	0.13	A-
[64]	PAG	Penske Auto	0.60	0.24	0.55	2.30	1.01	0.10	BB
[65]	PAHC	Phibro Animal Health	0.65	0.26	0.47	1.69	2.90	0.22	n/a
[66]	PAGP	Plains GP Holdings L	0.49	0.07	0.36	5.26	1.02	0.27	n/a
[67]	PLT	Plantronics Inc.	0.63	0.25	0.53	2.27	7.17	0.07	BB
[68]	POST	Post Holdings	0.49	0.24	0.56	2.82	2.78	0.10	B+
[69]	RRR	Red Rock Resorts	0.57	0.12	0.71	5.50	0.79	0.12	n/a
[70]	QSR	Restaurant Brands In	0.62	0.10	0.60	7.54	1.07	0.10	B+
[71]	RAD	Rite Aid Corp.	0.33	0.18	0.46	2.94	1.37	0.08	B
[72]	R	Ryder System	0.58	0.23	0.51	2.28	0.62	0.26	BBB+
[73]	SABR	Sabre Corp.	0.71	0.15	0.59	3.52	1.17	0.21	BB
[74]	SAIC	Science Applications	0.70	0.22	0.46	1.41	1.37	0.10	BB
[75]	SEAS	SeaWorld Entertainme	0.59	0.13	0.73	5.81	0.47	0.19	n/a
[76]	SEM	Select Med. Hldgs.	0.62	0.14	0.56	4.13	1.41	0.15	n/a
[77]	SRE	Sempra Energy	0.45	0.27	0.42	1.72	0.48	0.14	BBB+
[78]	SLGN	Silgan Holdings	0.57	0.17	0.50	2.62	1.20	0.22	BB+
[79]	SBGI	Sinclair Broadcast	0.63	0.24	0.59	2.38	3.11	0.17	BB-
[80]	SAH	Sonic Automotive	0.42	0.21	0.65	3.01	1.02	0.06	BB-
[81]	SJI	South Jersey Inds.	0.39	0.25	0.52	2.46	0.42	0.05	BBB
[82]	SO	Southern Co.	0.28	0.22	0.40	1.90	0.67	0.15	A-
[83]	SPH	Suburban Propane	0.57	0.26	0.60	2.54	0.72	0.17	BB-
[84]	TEN	Tenneco Inc.	0.66	0.14	0.42	3.18	1.41	0.08	BB
[85]	VZ	Verizon Communic.	0.56	0.19	0.43	2.13	0.91	0.30	BBB+
[86]	VNO	Vornado R'lty Trust	0.54	0.26	0.57	2.80	4.30	0.08	BBB+
[87]	WM	Waste Management	0.62	0.28	0.44	1.60	0.85	0.36	A-
[88]	WEN	Wendy's Company	0.57	0.14	0.65	4.29	2.34	0.08	B
[89]	XEL	Xcel Energy Inc.	0.34	0.27	0.38	1.41	0.69	0.18	A-
[90]	ARGO	Argo Group Int'l	0.71	0.20	0.06	0.33	0.58	0.52	n/a

EXHIBIT RJM-8A

QUINTILES PEER SAMPLE
PERFORMANCE METRICS
2018

	Ticker	Company	Asset Beta	Book Equity to Assets	Debt to Assets	Debt to Equity	Current Ratio	Cash Flow to Debt	Credit Rating
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
[91]	AXS	AXIS Capital Hldgs.	0.65	0.21	0.06	0.32	0.61	0.01	A-
[92]	AXTA	Axalta Coating	0.69	0.19	0.58	3.21	2.22	0.13	n/a
[93]	RNR	RenaissanceRe Hldgs.	0.60	0.28	0.05	0.23	1.68	1.23	A-
[94]	DP&L	Dayton Power and Light Co.	0.41	0.24	0.32	1.32	1.48	0.33	BBB-
	Average								
[95]	BB Set		0.59	0.21	0.53	2.56	1.49	0.14	BB+
[96]	BBB Set		0.47	0.21	0.41	2.20	1.12	0.16	BBB
[97]	All		0.53	0.21	0.46	2.49	1.37	0.17	BBB-
	Median								
[98]	BB Set		0.60	0.22	0.53	2.49	1.18	0.15	BB+
[99]	BBB Set		0.47	0.22	0.43	2.09	0.89	0.15	BBB+
[100]	All		0.57	0.22	0.50	2.30	1.02	0.15	BBB

Notes & Sources:

Consists of firms in the 1st quintile of Asset Beta and 1st quintile of Book Equity to Asset ratio, from Exhibit RJM-4A.

[E] Total Debt / Total Book Value of Assets. From Value Line.

[F] Total Debt / Book Value of Common Equity. From Value Line.

[G] Current Assets / Current Liabilities. From Standard and Poor's Capital IQ, as of FY 2018.

[H] Cash Flow from Operations / Total Debt. Cash Flow from Standard and Poor's Capital IQ, as of FY 2018; Total Debt from Value Line.

[I] Standard & Poor's long-term issuer credit rating, as of December 31, 2018. From Standard and Poor's Capital IQ.

[94][C] From Exhibit RJM-3A.

[94][D]-[I] From Standard and Poor's Capital IQ.

[95] Average of [1]:[93], if [I] is BBB-, BB+, or BB.

[96] Average of [1]:[93], if [I] is BBB+, BBB, or BBB-.

[98] Median of [1]:[93], if [I] is BBB-, BB+, or BB.

[99] Median of [1]:[93], if [I] is BBB+, BBB, or BBB-.

EXHIBIT RJM-8B

QUINTILES PEER SAMPLE
PERFORMANCE METRICS
2019

	Ticker	Company	Asset Beta	Book Equity to Assets	Debt to Assets	Debt to Equity	Current Ratio	Cash Flow to Debt	Credit Rating
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
[1]	ADS	Alliance Data Sys.	0.56	0.07	0.38	6.38	2.03	0.12	n/a
[2]	ATUS	Altice USA	0.62	0.08	0.72	n/a	0.70	0.10	BB-
[3]	AXL	Amer. Axle	0.39	0.19	0.55	3.72	1.81	0.15	BB-
[4]	AEP	Amer. Elec. Power	0.33	0.27	0.39	1.51	0.40	0.14	A-
[5]	AIG	Amer. Int'l Group	0.64	0.12	0.07	0.54	0.66	(0.03)	BBB+
[6]	AMT	Amer. Tower 'A'	0.63	0.14	0.56	4.76	0.47	0.16	BBB-
[7]	ARMK	ARAMARK Holdings	0.62	0.23	0.49	2.01	0.98	0.15	BB+
[8]	AIZ	Assurant Inc.	0.70	0.13	0.05	0.36	0.60	0.70	BBB
[9]	BGS	B&G Foods	0.30	0.27	0.58	2.31	3.05	0.02	B+
[10]	BERY	Berry Global Group	0.39	0.14	0.69	7.02	1.84	0.11	BB+
[11]	HRB	Block (H&R)	0.50	0.03	0.78	n/a	2.16	0.15	BBB
[12]	CMS	CMS Energy Corp.	0.33	0.19	0.49	2.64	0.86	0.14	BBB+
[13]	CWT	California Water	0.53	0.25	0.32	1.26	0.51	0.17	n/a
[14]	KMX	CarMax, Inc.	0.65	0.18	0.73	4.08	2.45	0.01	n/a
[15]	CG	Carlyle Group	0.37	0.14	0.48	2.26	1.82	0.05	BBB+
[16]	CNP	CenterPoint Energy	0.42	0.25	0.43	2.34	0.99	0.11	BBB+
[17]	LUMN	CenturyLink, Inc.	0.36	0.23	0.54	2.58	0.66	0.19	BB
[18]	CHTR	Charter Communic.	0.59	0.23	0.53	2.51	0.52	0.15	BB+
[19]	CAKE	Cheesecake Factory	0.66	0.26	0.10	0.51	0.40	0.75	n/a
[20]	COKE	Coca-Cola Consol.	0.62	0.12	0.34	3.09	1.33	0.27	BBB
[21]	COMM	CommScope Holding	0.48	0.16	0.68	n/a	1.72	0.06	B
[22]	CNSL	Consol. Communic.	0.23	0.11	0.67	6.68	0.72	0.15	B
[23]	CNR	Cornerstone Building	0.36	0.17	0.57	3.40	1.80	0.07	B+
[24]	CVA	Covanta Holding Corp	0.55	0.11	0.68	6.69	1.13	0.09	BB-
[25]	DVA	DaVita Inc.	0.57	0.17	0.47	3.80	1.56	0.31	BB
[26]	EIX	Edison Int'l	0.37	0.21	0.29	1.43	0.64	(0.02)	BBB
[27]	ETR	Entergy Corp.	0.34	0.20	0.38	1.94	0.54	0.14	BBB+
[28]	EXC	Exelon Corp.	0.42	0.26	0.30	1.17	0.85	0.18	BBB+
[29]	STAY	Extended Stay Americ	0.65	0.20	0.65	3.79	1.80	0.15	BB-
[30]	FE	FirstEnergy Corp.	0.35	0.17	0.50	3.01	0.50	0.12	BBB

EXHIBIT RJM-8B

QUINTILES PEER SAMPLE
PERFORMANCE METRICS
2019

	Ticker	Company	Asset Beta	Book Equity to Assets	Debt to Assets	Debt to Equity	Current Ratio	Cash Flow to Debt	Credit Rating
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
[31]	F	Ford Motor	0.25	0.14	0.69	5.37	1.16	0.10	BBB-
[32]	FORR	El Paso Electric	0.67	0.26	0.20	0.83	0.71	0.37	n/a
[33]	GATX	GATX Corp.	0.59	0.22	0.58	2.62	1.68	0.10	BBB
[34]	GE	Gen'l Electric	0.59	0.11	0.32	3.10	1.58	0.10	BBB+
[35]	GIS	Gen'l Mills	0.52	0.22	0.48	2.05	0.59	0.19	BBB
[36]	GM	Gen'l Motors	0.46	0.18	0.45	2.47	0.88	0.15	BBB
[37]	GNW	Genworth Fin'l	0.70	0.13	0.04	0.25	6.79	0.58	B
[38]	GS	Goldman Sachs	0.20	0.09	0.45	5.68	1.70	0.05	BBB+
[39]	GT	Goodyear Tire	0.67	0.27	0.33	1.30	1.12	0.21	BB-
[40]	GPK	Graphic Packaging	0.68	0.23	0.39	1.82	1.51	0.23	n/a
[41]	GTN	Gray Television	0.58	0.27	0.53	4.77	2.73	0.10	B+
[42]	GHL	Greenhill & Co.	0.67	0.08	0.72	8.01	3.13	0.04	BB
[43]	GPI	Group 1 Automotive	0.48	0.22	0.56	2.47	1.04	0.12	BB+
[44]	HOG	Harley-Davidson	0.57	0.17	0.71	4.13	1.31	0.12	BBB+
[45]	HE	Hawaiian Elec.	0.40	0.17	0.16	0.94	1.28	0.24	BBB-
[46]	HEP	Holly Energy Part.	0.66	0.19	0.66	3.84	1.30	0.20	BB+
[47]	IRM	Iron Mountain	0.54	0.12	0.63	5.92	0.63	0.11	BB-
[48]	KAR	KAR Auction Svcs.	0.40	0.23	0.51	2.03	1.29	0.16	BB-
[49]	KR	Kroger Co.	0.53	0.20	0.31	1.64	0.76	0.30	BBB
[50]	LAD	Lithia Motors	0.62	0.23	0.58	2.41	1.20	0.14	BB+
[51]	L	Loews Corp.	0.62	0.24	0.14	0.60	0.48	0.15	A
[52]	MDP	Meredith Corp.	0.67	0.25	0.38	2.54	1.07	0.11	B+
[53]	MS	Morgan Stanley	0.42	0.09	0.22	2.66	1.70	0.21	BBB+
[54]	NXST	Nexstar Media Group	0.63	0.20	0.61	4.18	1.43	0.05	BB-
[55]	NI	NiSource Inc.	0.32	0.27	0.43	1.91	0.49	0.16	BBB+
[56]	NOC	Northrop Grumman	0.70	0.22	0.31	1.45	1.13	0.34	BBB
[57]	NWN	Northwest Natural	0.42	0.25	0.30	1.19	0.61	0.18	n/a
[58]	OUT	OUTFRONT Media	0.68	0.20	0.45	2.21	0.67	0.11	BB-
[59]	PNM	PNM Resources	0.34	0.24	0.44	1.90	0.30	0.16	BBB+
[60]	PARR	Par Pacific Holdings	0.69	0.25	0.23	0.95	1.00	0.17	n/a

EXHIBIT RJM-8B

QUINTILES PEER SAMPLE
PERFORMANCE METRICS
2019

	Ticker	Company	Asset Beta	Book Equity to Assets	Debt to Assets	Debt to Equity	Current Ratio	Cash Flow to Debt	Credit Rating
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
[61]	PENN	Penn Nat'l Gaming	0.39	0.12	0.48	3.65	0.71	0.10	B+
[62]	PAG	Penske Auto	0.53	0.20	0.46	2.28	0.98	0.08	BB
[63]	PAGP	Plains GP Holdings L	0.49	0.07	0.32	4.50	0.92	0.26	n/a
[64]	PLT	Plantronics Inc.	0.55	0.18	0.72	n/a	1.48	0.07	BB-
[65]	POST	Post Holdings	0.56	0.26	0.59	2.42	2.65	0.10	B+
[66]	R	Ryder System	0.43	0.18	0.55	3.20	0.59	0.27	BBB
[67]	SABR	Sabre Corp.	0.67	0.16	0.59	3.56	1.09	0.17	BB
[68]	SC	Santander Consumer U	0.24	0.16	0.80	5.36	9.34	0.14	n/a
[69]	SEM	Select Med. Hldgs.	0.57	0.11	0.47	4.47	1.33	0.13	n/a
[70]	SLGN	Silgan Holdings	0.62	0.19	0.46	2.19	1.38	0.23	BB+
[71]	SBGI	Sinclair Broadcast	0.35	0.14	0.72	8.28	2.57	0.07	BB-
[72]	SAH	Sonic Automotive	0.49	0.22	0.56	2.42	0.98	0.07	BB-
[73]	SJI	South Jersey Inds.	0.42	0.23	0.53	2.38	0.38	0.04	BBB
[74]	SO	Southern Co.	0.30	0.25	0.39	1.70	0.78	0.12	A-
[75]	SPH	Suburban Propane	0.51	0.24	0.61	2.90	0.57	0.18	BB-
[76]	SUN	Sunoco LP	0.64	0.14	0.56	4.05	1.24	0.14	BB-
[77]	TGNA	TEGNA Inc.	0.58	0.25	0.60	2.63	1.96	0.07	BB
[78]	TEN	Tenneco Inc.	0.38	0.12	0.42	3.90	1.33	0.08	BB
[79]	TVTY	Tivity Health	0.49	0.27	0.64	4.62	1.11	0.08	B+
[80]	UNFI	United Natural Foods	0.34	0.25	0.42	2.01	1.69	0.09	B
[81]	VZ	Verizon Communic.	0.52	0.20	0.38	1.82	0.84	0.32	BBB+
[82]	VIAC	ViacomCBS Inc.	0.69	0.21	0.38	1.42	1.32	0.07	BBB
[83]	WM	Waste Management	0.61	0.26	0.49	1.91	1.97	0.29	A-
[84]	WEN	Wendy's Company	0.60	0.13	0.56	5.37	1.58	0.10	B

EXHIBIT RJM-8B

QUINTILES PEER SAMPLE
PERFORMANCE METRICS
2019

	Ticker	Company	Asset Beta	Book Equity to Assets	Debt to Assets	Debt to Equity	Current Ratio	Cash Flow to Debt	Credit Rating
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
[85]	XEL	Xcel Energy Inc.	0.32	0.26	0.37	1.41	0.68	0.17	A-
[86]	ADNT	Adient plc	0.57	0.20	0.36	2.02	1.07	0.08	B+
[87]	AXS	AXIS Capital Hldgs.	0.64	0.21	0.07	0.38	1.31	0.11	A-
[88]	AXTA	Axalta Coating	0.69	0.19	0.56	2.83	2.40	0.15	n/a
[89]	RNR	RenaissanceRe Hldgs.	0.65	0.23	0.05	0.26	2.90	1.54	A-
[90]	DP&L	Dayton Power and Light Co.	0.40	0.25	0.33	1.30	0.62	0.33	BB
	Average								
[91]	BB Set		0.53	0.18	0.54	3.55	1.29	0.15	BB+
[92]	BBB Set		0.47	0.18	0.42	2.44	1.00	0.17	BBB
[93]	All		0.51	0.19	0.46	2.91	1.39	0.17	BB+
	Median								
[94]	BB Set		0.58	0.19	0.56	2.63	1.20	0.15	BB+
[95]	BBB Set		0.43	0.18	0.43	2.30	0.86	0.15	BBB
[96]	All		0.54	0.20	0.48	2.47	1.13	0.14	BB+

Notes & Sources:

Consists of firms in the 1st quintile of Asset Beta and 1st quintile of Book Equity to Asset ratio, from Exhibit RJM-4B.

[E] Total Debt / Total Book Value of Assets. From Value Line.

[F] Total Debt / Book Value of Common Equity. Excludes outliers greater than 10. From Value Line.

[G] Current Assets / Current Liabilities. From Standard and Poor's Capital IQ, as of FY 2019.

[H] Cash Flow from Operations / Total Debt. Cash Flow from Standard and Poor's Capital IQ, as of FY 2019; Total Debt from Value Line.

[I] Standard & Poor's long-term issuer credit rating, as of December 31, 2019. From Standard and Poor's Capital IQ.

[90][C] From Exhibit RJM-3B.

[90][D]-[I] From Standard and Poor's Capital IQ.

[91] Average of [1]:[89], if [I] is BBB-, BB+, or BB.

[92] Average of [1]:[89], if [I] is BBB+, BBB, or BBB-.

[94] Median of [1]:[89], if [I] is BBB-, BB+, or BB.

[95] Median of [1]:[89], if [I] is BBB+, BBB, or BBB-.

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Supplemental Direct Testimony of R. Jeffrey Malinak has been served via electronic mail upon the following counsel of record, this 23rd day of December, 2020:

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Summary: Testimony Supplemental Direct Testimony of R. Jeffrey Malinak electronically filed by Mr. Jeffrey S Sharkey on behalf of The Dayton Power and Light Company