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**BEFORE THE  
KANSAS CORPORATION COMMISSION**

**PREPARED DIRECT TESTIMONY OF  
WILLIAM K. EDWARDS  
ON BEHALF OF  
MIDWEST ENERGY CORPORATION**

**STATE CORPORATION COMMISSION**

MAR 02 2011



Q. What is your name and business address?

A. My name is William K. Edwards. My business address is 2201 Cooperative Way,  
Herndon, Virginia 20171.

Q. By whom are you employed, and in what capacity?

A. I am employed by the National Rural Utilities Cooperative Finance Corporation  
(CFC) as an economist and Vice President of Regulatory Affairs. In that capacity I  
am responsible for the support of regulatory issues of cooperatives before the FERC  
and many state commissions.

1 Q. What is your educational background and experience?

2

3 A. I received my BS degree in Business with a concentration in economics from  
4 Christopher Newport College of the College of William & Mary in 1977, and a MA  
5 degree in economics from Old Dominion University in 1979. My major fields of  
6 study included mathematical economics, econometrics, and microeconomics. I have  
7 completed a number of courses toward a Ph.D. in economics from the Virginia Tech.  
8 I have worked for the firm of Ernst & Ernst (Ernst & Whinney) in its Washington  
9 Utility Group as a consultant principally in the electric utility industry from 1979-  
10 1982. From 1982 to 1985, I was employed by Mississippi Power & Light Company  
11 (Entergy - Mississippi) as a supervisor responsible for rate research. From January  
12 1986 until early 1995 I was employed by Central Louisiana Electric Company, Inc.  
13 as Manager of Rate Research and subsequently as Director of Rates. In that capacity  
14 I was responsible for regulatory affairs, regulatory accounting, rate design, cost of  
15 service studies, rate administration, and the attendant litigation associated with  
16 regulatory issues before both the Louisiana Public Service Commission, and the  
17 Federal Energy Regulatory Commission. Since 1996, I have been employed by CFC.  
18 A more comprehensive history of my experience is contained in Schedule 1.

19

20 Q. What is the purpose of your testimony?

1

2 A. The purpose of my testimony is to support the reasonableness of the company's  
3 proposed return on equity as well as the reasonableness of certain underlying  
4 assumptions used in its estimate of the return on equity. Specifically, to determine  
5 the reasonableness of a 35% equity ratio target, the appropriateness of reaching that  
6 target equity ratio in 12 years, and the reasonableness of a 20-year capital rotation  
7 cycle.

8

9

#### **THE ROLE OF CFC**

10

11 Q. What is CFC?

12

13 A. The National Rural Utilities Cooperative Finance Corporation (CFC) was  
14 incorporated as a private, not-for-profit cooperative association under the laws of  
15 the District of Columbia in April 1969. The principal purpose of CFC is to provide  
16 its members with a dependable source of low cost capital and state-of-the-art  
17 financial products and services. CFC provides its members with a source of  
18 financing to supplement the loan programs of the Rural Utilities Service (RUS) of  
19 the United States Department of Agriculture, which is the successor agency of the  
20 Rural Electrification Administration (REA). CFC will also lend 100% of the loan

1 requirement for those members electing not to borrow from RUS. CFC is owned  
2 by and makes loans primarily to its rural utility system members to enable them to  
3 acquire, construct and operate electric distribution, generation, transmission, and  
4 related facilities. CFC also provides guarantees on debt to its members for tax-  
5 exempt financings of pollution control facilities and other properties constructed or  
6 acquired by its members, debt in connection with certain leases and various other  
7 transactions.

8  
9 As of May 31, 2010, CFC had 1,456 members. The electric utility members  
10 included 832 electric distribution systems and 66 generation and transmission  
11 ("power supply") systems operating in 49 states and four U.S. territories.

12  
13 Q. How does CFC obtain the funds it lends to cooperative utilities?

14  
15 A. CFC functions as both a borrower and a lender. As a lender, CFC makes short,  
16 medium, and long-term loans to its member systems. As security for its long-term  
17 loans, CFC receives a first mortgage on its borrower's facilities. These mortgages  
18 and related mortgage notes are in turn used as security for CFC collateral trust bonds  
19 issued in the public capital market. Through the sale of such bonds as well as

1 commercial paper and other debt instruments, CFC obtains capital on behalf of its  
2 member borrowers. In this role CFC acts as a borrower.

3  
4 CFC issues long-, medium-, and short-term debt in both the domestic and foreign  
5 capital markets. CFC issues long-term secured collateral trust bonds for periods  
6 of two years to 30 years, unsecured medium-term notes for periods of nine months  
7 to 30 years, unsecured quarterly income capital securities for periods of up to 49  
8 years and unsecured commercial paper for periods of one to 270 days and  
9 extendable commercial notes with maturities up to 390 days. CFC also enters into  
10 bank bid note arrangements with banks. CFC's collateral trust bonds, medium-  
11 term notes, quarterly income capital securities and commercial paper all carry  
12 investment grade ratings from three rating agencies (Standard & Poors, and  
13 Moodys).

14  
15 CFC sells unsecured commercial paper and medium-term notes to its members.  
16 Commercial paper is sold for periods of up to 270 days and medium-term notes are  
17 sold for periods of nine months to 30 years. CFC sets rates for both securities daily.  
18 In addition, members may invest in the daily liquidity program, which can be  
19 withdrawn by the members on demand.

20

1           **THE GENERAL FINANCIAL CONDITION OF MIDWEST ENERGY**

2  
3       Q. Is Midwest Energy a member of CFC?

4  
5       A. Yes. Midwest Energy is a member of CFC and, on a consolidated basis, had long-  
6       term loans of approximately \$78.5 million as of August 31, 2010. As of the same  
7       date, Midwest Energy had approximately \$159.8 million of long-term debt  
8       outstanding with CoBank, and \$3.1 million outstanding with other lenders including  
9       the RUS through its REDL&G program, as well as some other lenders.

10  
11      Q. In what ways does Midwest Energy differ from an investor owned utility?

12  
13      A. The main difference between an investor owned utility and a cooperative is the form  
14      of ownership and typically size. In the investor owned company, stockholders own  
15      the equity of the utility and ratepayers (the customers) are not entitled to the benefits  
16      and burdens of equity holders. The governance of investor owned utilities is  
17      comprised of a Board of Directors separate from the customers of the utility.  
18      Therefore, there is an implicit conflict of interests associated with investor owned  
19      utilities; the interests of the equity owners are different from the interests of the  
20      customers. In the past, vertically integrated electric utilities were regarded as

1 monopolies whose goal was to maximize profits to the stockholders at the expense  
2 of their customers. As such, State and Federal government entities regulated the  
3 rates of such utilities to reduce such behavior.

4

5 In a cooperative, the customers own the equity. Hence, the benefits (and burdens) of  
6 being an equity holder belong to the customer. There are a number of benefits that  
7 can accrue to customers of cooperative organizations that include non-profit tax-  
8 exempt status, a return of excess margins, and [all things being equal] lower cost  
9 electricity. In a cooperative, the Board of Directors is comprised of customers who  
10 are democratically elected. As such, the conflict present with investor owned  
11 utilities is not present with cooperative structures because the customers and equity  
12 owners are the same. A rate increase filed with a state commission by a cooperative  
13 has faced the scrutiny of the Board of Directors who are, themselves customers of  
14 the cooperative and who have a fiduciary responsibility to represent the interests of  
15 the equity owners.

16

17 Although aware of the differences, sometimes regulators forget that, as a result of  
18 the cooperative structure, there is no incentive to maximize profits, or charge a  
19 “profit” on sales to its members beyond its costs plus a margin for uncertainty.

20

Additionally, should customers of cooperatives become convinced that a specific

1 rate increase or other action is unnecessary, unreasonable, or otherwise unduly  
2 prejudicial; they have as their remedy the ability to democratically replace the Board  
3 of Directors and/or senior management. For these reasons, many states elect not to  
4 rate regulate cooperatives.

5  
6 Q. What are CFC's general loan policies?

7  
8 A. For distribution utilities, CFC offers three basic types of loans. These are: (1) long-  
9 term secured loans made concurrently with the RUS; (2) 100% CFC loans made  
10 exclusively from CFC funds; and short-term loans similar to a line of credit. CFC  
11 offers long-term loans with maturities of up to 35 years, intermediate-term loans with  
12 maturities of up to five years, and line of credit loans. Long-term and intermediate-  
13 term loans are available at fixed or variable interest rates and line of credit loans are  
14 available only at a variable interest rate. Long-term loans are generally secured by a  
15 first mortgage lien on all assets and revenues of the borrower. Intermediate-term loans  
16 may be secured or unsecured, and line of credit loans are generally unsecured. On line  
17 of credit loans with a maturity of more than one year, the outstanding balance is  
18 generally required to be paid down to zero for five consecutive days during each year.  
19 CFC makes loans to borrowers on a concurrent basis with RUS.

20



1 CFC requires, as a minimum, a 1.35 modified debt service coverage ratio, and the  
2 appropriate security. CoBank also requires that Midwest Energy maintain a 1.35  
3 MDSC, but it also requires a minimum equity ratio of 27%. By contrast, the RUS  
4 requires the minimum coverage ratios for distribution borrowers a TIER of 1.25,  
5 DSC of 1.25, operating TIER of 1.1, and operating DSC of 1.1. (See 7 CFR §  
6 1710.114).

7  
8 It is important for the Commission to understand that these requirements are  
9 minimum default requirements and values that approach the minimum default  
10 requirements will not likely qualify a cooperative for future loans. If many systems  
11 operated close to these minimums, CFC may not have the ability to raise new capital  
12 in the financial markets.

13  
14 Q. What are some of the specific criteria that creditors like CFC use to evaluate the  
15 credit worthiness of cooperative utilities like Midwest Energy?

16  
17 A. With the onset of electric deregulation in the mid-1990s as well as other more subtle  
18 changes to the utility industry, CFC has re-evaluated its lending policies in an  
19 attempt to better manage its portfolio. The revisiting of lending policies is a  
20 continuing process to challenge CFC in its efforts to provide low cost capital to its

1 members. Although the credit decisions relating to specific applicants are “fact  
2 specific” decisions, there are company specific criteria that are considered by CFC  
3 prior to it issuing credit.

4  
5 In evaluating the credit quality of cooperative utilities, CFC continues to focus on  
6 several key factors: management, rates, generation and distribution facilities,  
7 regulation, demographics, financial performance, and legal provisions.

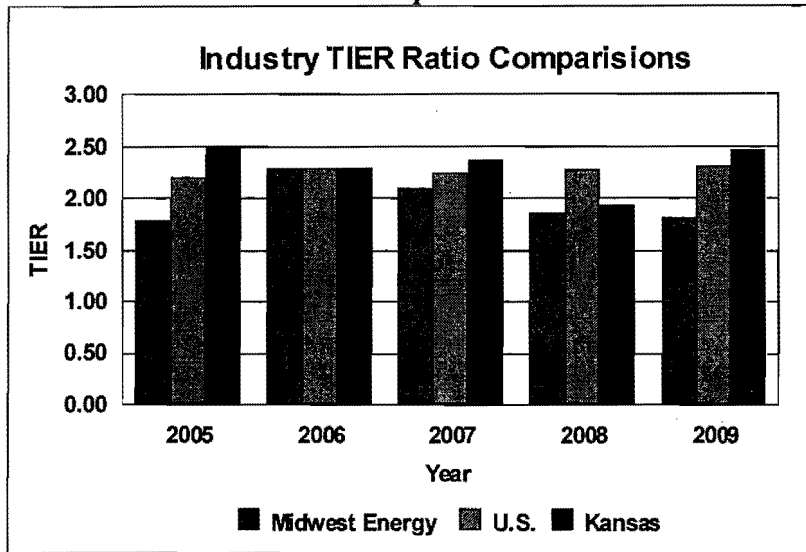
8  
9 With respect to financial evaluations CFC has devised a list of key financial ratios  
10 that it uses to supplement its credit decisions. The “Key Ratio Trend Analysis”  
11 (KRTA) provides a generalized and quick method for credit analysts to preliminarily  
12 evaluate a cooperative (See Schedule 2). The KRTA, reviews of audit reports,  
13 evaluations of prospective financial models and their underlying assumptions, and  
14 discussions with management regarding financial performance form the basis of  
15 CFC’s evaluation.

16  
17 Graphs 1 through 3 below illustrate that the electric component of Midwest Energy is  
18 falling behind median values of electric distribution cooperatives in Kansas as well  
19 as across the United States.

20

1

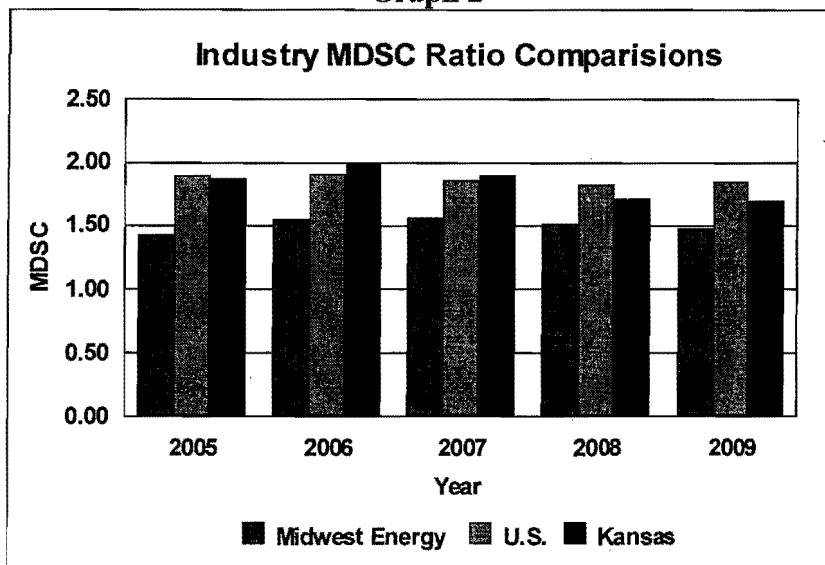
Graph 1



2

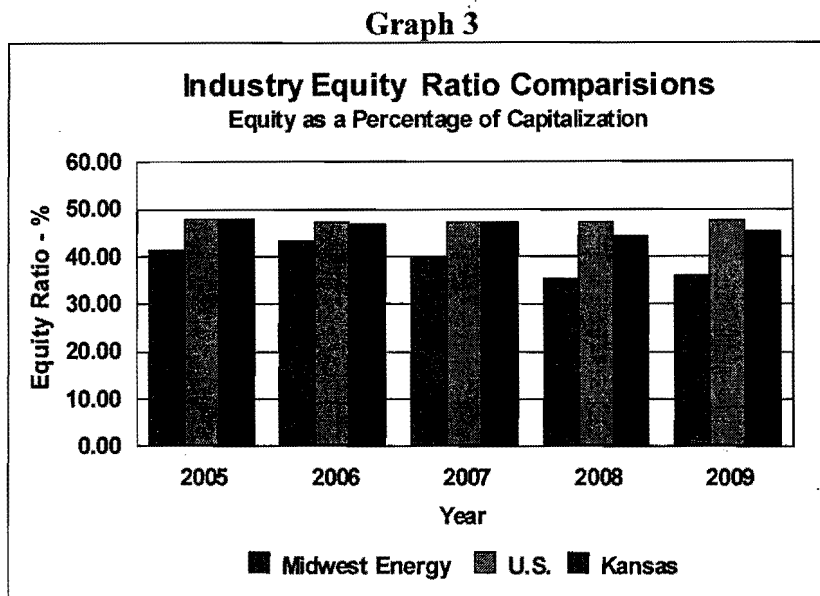
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Graph 2



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Absent adequate rate relief to cover Midwest Energy's additional investments in its rate base as well as its O&M expenses, the company's financial health might deteriorate to a serious point. If that were to happen, it may be difficult for CFC, or any other commercial lender(s), to lend funds to Midwest Energy at all. Alternatively, commercial lenders may attempt to mitigate such high-risk positions by charging a higher interest rate to compensate them for the perceived risks associated with Midwest Energy absent adequate rate relief.

Q. Please explain the importance to a cooperative of developing and maintaining an adequate equity ratio.

1 A. It is vitally important that cooperatives maintain an adequate equity ratio. The cost of  
2 equity increases as the equity ratio decreases. Additionally, as a utility's equity ratio  
3 declines significantly, it will tend to experience an increase in the cost of debt to  
4 compensate lenders for the increased risk. Hence, there is a direct correlation  
5 between financial risk and the cost of debt. In an attempt to remedy this situation,  
6 Midwest Energy is requesting a small equity adder allowing it to increase its equity  
7 ratio to a reasonable level. If granted, the rate will be slightly higher during the  
8 period when the equity ratio is growing from its present level to its target.  
9 Additionally, CFC will consider the action of the Commission in this docket  
10 carefully. If Midwest Energy is not allowed to maintain or increase its equity ratio,  
11 CFC will make subsequent credit decisions accordingly, which may include higher  
12 priced CFC debt or restricted access to debt.

13  
14 Q. Is equity an important consideration in securing private source capital?

15  
16 A. Yes. CFC attempts to work closely with all its borrowers to assist them in building  
17 and maintaining an appropriate equity level in order to achieve a capital structure  
18 that will allow them to attract private capital and finance investment in plant and  
19 facilities. CFC presently makes (and historically has made) recommendations and

1 provides courses designed to manage equity for cooperative personnel in order to  
2 continue to have access to reasonably priced private capital.

3  
4 Q. Does CFC have an interest in the amount of equity that Midwest Energy maintains?

5  
6 A. Yes. For the reasons I have previously identified, CFC is vitally interested in  
7 Midwest Energy's capitalization as well as that of every other cooperative that seeks  
8 financing from CFC. This interest is on an individual as well as a collective basis  
9 since the overall position of the borrowers as a group is what CFC proffers to the  
10 market. On a collective basis, the industry's equity ratios affect the attitudes of  
11 investors of CFC securities. Should the overall equity position of cooperative  
12 utilities change, investors can be expected to react toward CFC securities, as they  
13 would towards the securities of an investor owned utility. If the overall equity ratio  
14 of cooperatives declines, the investors would perceive an increase in risk and would  
15 demand a higher risk premium associated with the cost of debt.

16  
17  
18  
19

1                   **ASSUMPTIONS AFFECTING THE RETURN ON EQUITY**

2

3 Q. How Does Midwest Energy’s equity ratio compare to other cooperatives?

4

5 A. In its filing in this docket (Section 7, Schedule 1 Line 4, Column 6); the company  
6 indicates that its adjusted test year equity ratio is 34.78%. As illustrated in Graph 3,  
7 and in tabular form in Schedule 2, the U.S. median value of equity as a percentage of  
8 capitalization is shown below in Table 1.

9

Table 1

Equity Ratio’s From CFC’s KRTA Analysis

Year	Midwest Energy	U.S. Median	Kansas Median
2005	41.28%	47.82%	48.10%
2006	43.32%	47.27%	46.83%
2007	40.08%	47.26%	47.27%
2008	35.48%	47.22%	44.22%
2009	36.09%	47.63%	45.23%

11

12 Midwest Energy’ equity ratio has significantly fallen.

13

14 Q. In its return on equity calculation, Midwest Energy assumes a target equity ratio of  
15 35.00%. Is this target equity ratio reasonable?

16

17 A. It is reasonable, but it is at what I regard as the low end of reasonable. Midwest  
18 Energy is seeking to target an equity ratio of 35.00% for its electric division in this

1 docket. I believe that a targeted 40.00% equity ratio would be closer to the center of  
2 the reasonable range in that it balances the need to increase the equity ratio while  
3 targeting a value for the immediate future that is appreciably below the current  
4 national and state median values. In previous dockets, the Company's goal was  
5 40%, and I'm informed that the management and board decided to reduce the target  
6 in this rate proceeding to temporarily alleviate some of the rate effect associated with  
7 increased purchased power. The target ratio is 1,263 basis points below the national  
8 median average and 1,023 basis points below the Kansas median average; it is  
9 therefore a conservative target equity ratio.

10  
11 Q. How is a "fair rate of return" on equity and debt determined?

12  
13 A. The return on equity is more difficult to determine than debt costs, and is particularly  
14 more difficult when applied to a cooperative. Equity capital, like any resource, has a  
15 cost associated with its usage. In a cooperative, the cost of equity is determined by  
16 the growth in plant and the patronage capital rotation plan more than it is in an  
17 investor owned utility where equity capital is exposed to factors such as capital  
18 market risks and the competing returns available from other investment alternatives.  
19 But like an investor owned utility, the cost of equity cannot be directly measured, it  
20 therefore must be estimated by analyzing information concerning the patronage



1 capital rotation policy, the future growth in plant, and the current and prospective  
2 equity target ratios.

3  
4 The distribution customers who own Midwest Energy invested equity capital in the  
5 form of patronage capital in the company. This capital investment continues when  
6 Midwest Energy retains margins at the end of the year. The equity holder's patronage  
7 capital investments may be jeopardized when Midwest Energy loses money or only  
8 meets its minimum payment obligations and the equity portion of the balance sheet is  
9 reduced or impaired. Consistent with the regulatory and economic standards  
10 identified in the Bluefield (1923) and Hope (1944) decisions, I believe the return  
11 should be sufficient to: (1) return past capital investment in the utility, (2) enable the  
12 company to attract new capital, and (3) maintain the company's financial integrity.  
13 Absent an adequate return on capital, Midwest Energy and its customer owners are  
14 harmed.

15  
16 The Bluefield and Hope decisions, as applied to cooperatives, are slightly different  
17 than when applied to investor owned utilities. In the investor owned utility, common  
18 equity is traded in very competitive markets largely to investors who are not  
19 customers of the utility. Therefore, with respect to investor owned utilities, a return is  
20 required commensurate with the risk adjusted opportunity cost in the financial market.

1 With respect to cooperatives, because they do not trade equity in the market but retain  
2 margins for a period of time before returning them to the owner customers, the  
3 conceptual return should be adequate enough to allow Midwest Energy the  
4 opportunity to meet its operating requirements, provide for access to the debt capital  
5 markets and enable Midwest Energy to return the patronage capital pursuant to a  
6 reasonable schedule.

7

8 Q. Why should a distribution cooperative like Midwest Energy be entitled to an equity  
9 return? Isn't Midwest Energy a non-profit cooperative?

10

11 A. Midwest Energy is a non-profit tax exempt cooperative. As such, Midwest Energy  
12 provides service to its members at rates that are essentially at costs. However, equity  
13 capital has a cost associated with its rotation and Midwest Energy's growth and the  
14 determination of that cost becomes the basis of the return on equity recommendation  
15 contained in the company's request.

16

17 Q. Are there different methods to estimate the return on equity for a cooperative like  
18 Midwest Energy?

19

1 A. There are several formulas useful for determining the cost of equity capital from a  
2 cooperative like Midwest Energy. These formulas have been developed over the last  
3 30 plus years. Much of the original work in this field is attributable to Mr. James W.  
4 Goodwin during the late 1960s and early 1970s. Mr. Goodwin worked for the REA  
5 as chief of the REA Retail Rate Branch and wrote several papers on the subject of  
6 equity costs associated with cooperatives. The formula Mr. Goodwin developed was  
7 generated from the equity side of a standard revenue requirements calculation as  
8 shown below.

9

10 Eq(1): 
$$K_e = [(1+g)^n - (1-g)^{n-1}] / (1+g)^{n-1} - 1$$

11

12

Where:

13

$K_e$  = Return On Equity

14

$g$  = Growth Rate in Rate Base

15

$n$  = Patronage Capital Rotation Period

16

17 Subsequent work by both the RUS (formerly the REA) and CFC has resulted in a  
18 modification to the original formula to reflect a forward-looking analysis. The  
19 modified formula is shown as equation 2 below.

20

21 Eq(2): 
$$K_e = [(1+g)^{n+1} - (1-g)^n] / (1+g)^n - 1$$

22

1 These formulas produce a minimum return required to hold the equity ratio at its  
2 present level while growing at a fixed level of growth (g) and revolving capital credits  
3 an a specific cycle (n years). It also implicitly assumes a retirement of patronage  
4 capital schedule that grows as margins grow over time. However, should the equity  
5 ratio be appreciably below (above) its target level, then neither the “Goodwin” model  
6 nor its successor (the modified “Goodwin” model) will produce a return that will  
7 allow the cooperative to achieve its target level.

8  
9 The model the company is using permits adjustments to the cost of equity that will  
10 permit it to achieve the target ratio in a fixed number of years. I am informed that this  
11 Commission has used this model before when analyzing the return on equity of  
12 distribution cooperatives and it was adopted in a prior Midwest Energy rate  
13 application. Because the equity ratio is below the target equity ratio, the adjustment  
14 component in the company’s model will produce an increase in the return on equity  
15 (ROE) to permit the cooperative a higher return than it would ordinarily require. This  
16 is necessary to protect the existing equity investment of the members who may lose  
17 part of their equity should Midwest Energy be subject to higher financing costs if the  
18 return on equity did not permit such a premium. Hence, the company used a return  
19 model as shown in equation 3 below in an effort to protect and return the member-  
20 owner’s equity capital.

1

2 Eq(3):  $K_e = g + (1/n) + ((1+g) * ((We^*/We)^{(1/t)} - 1))$

3

4

Where:

5

$K_e$  = Required Return On Equity

6

g = Anticipated Growth Rate In Plant

7

n = Patronage Capital Rotation Period

8

$We^*$  = The Target Equity Ratio

9

$We$  = The Actual Equity Ratio

10

t = Target Number Of Years To Reach  $We^*$

11

12

Another model, which has been used by this Commission (Caney Valley Electric

13

Cooperative Association Docket No. 121,082-U), is predicated upon the modified

14

“Goodwin” model, but contains an adjustment mechanism for equity ratios identical

15

to equation 2 above and can be used as a check for the ROE calculation for the

16

estimate of ROE made by the company. This model is shown below in equation 4.

17

18

Eq(4):  $Ke = [((1+g)^{(n+1)} - (1+g)^n) / ((1+g)^n - 1)]$

19

$+ [(1+g) * ((We^*/We)^{(1/t)} - 1)]$

20

21

The underlying difference between equations 3 and 4 is that equation 3 implicitly

22

assumes a levelized return of patronage capital whereas equation 4 assumes patronage

23

capital is retired as margins grow.

24

1 For the purposes of my review, I have relied on equation 3 in my analysis, and I  
2 recommend equation 3, which the Commission has used before with Midwest Energy.

3

4 Q. The company has provided estimates of growth rates, which it relies on in developing  
5 its recommendations for ROE. Are these growth rates reasonable?

6

7 A. The company uses a 5.10% growth rate for its electric properties in this docket. This  
8 growth rate represents the expected growth rate from 2010 through 2014. The  
9 growth rates (and subsequent ROEs) should be set on a forward-looking basis  
10 because it is the basis upon which rates will be set, and is the basis upon which some  
11 of the patronage capital will be refunded to the equity owners of Midwest Energy.  
12 Additionally, the estimates of growth rates must be sustainable. Should Midwest  
13 Energy expect a one or two year growth of 7% when the long-term sustainable  
14 growth rate was appreciably below 7%, the resulting ROE and rates would over-  
15 collect the required return. In a cooperative, this type of error is partially mitigated  
16 by the fact that revenues in excess of costs are ultimately refunded to the equity  
17 owners. However, customers are still deprived of the opportunity cost of their  
18 capital while the cooperative has it. Alternatively, a growth rate that is too low  
19 jeopardizes the efforts of the cooperative to return the patronage capital.

20

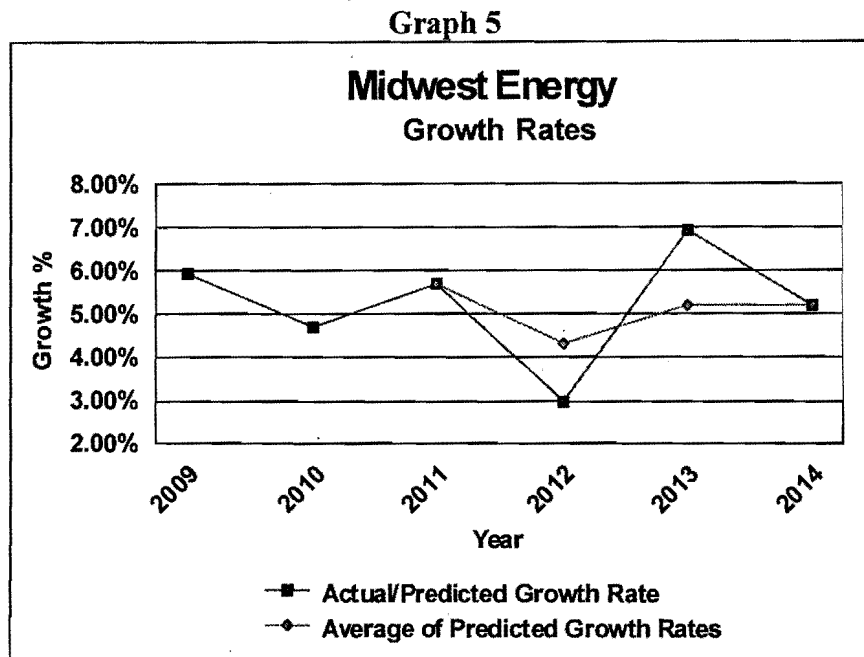
1       The historical and future growth rates are illustrated in Schedule 3. Graph 5

2       illustrates the growth rate over the 2007-2014 periods.

3

4

1



2

3 I believe the 5.10% projected growth rate is appropriate; however, like the equity  
4 ratio, the growth rate may be on the low side. The average of the 2011-2014 period  
5 is 5.20%. The standard deviation of the historical period(s) tends to be larger than  
6 that of the future period(s), which may suggest an even larger growth rate.

7

8 Q. Is the company's assumption of achieving a 35.00% equity ratio in 12 years  
9 reasonable?

10

11 A. As I have discussed previously, the 35% target equity ratio represents a conservative  
12 assumption. The 12 year period is a conservative assumption on the part of Midwest



1 Energy as well since the test year equity ratio is 34.78%. We are in a period where  
2 generation costs are increasing as a result of base load capacity additions, investment  
3 in environmental equipment, and rising fuel costs. Because generation costs are  
4 rapidly escalating, it appears to me unlikely that the life of the proposed rates will  
5 either meet or exceed 12 years. Although it is not a requirement that the company  
6 achieve its equity target within the life of its rates, it is a good planning practice.  
7 Absent achieving the equity ratio goal in the life of the proposed rates will mean that  
8 another premium may be required in a subsequent electric docket.

9  
10 Q. The methodology that the company used assumes, as an input, a patronage capital  
11 rotation cycle of 20 years. Is a 20-year rotation cycle consistent with the industry?  
12

13 A. Yes. Although CFC does not directly collect data on patronage capital rotation  
14 cycles, we are aware of the cycle used by many cooperatives. It is my experience  
15 that the majority of rotation cycles extend in range from 15 to 23 years. Some  
16 rotation cycles are longer, and some are shorter; however, the median value will  
17 likely be between 18 and 20 years. Therefore, I believe that a rotation cycle of 20  
18 years is reasonable based on the performance of other cooperatives.  
19  
20

1 Q. Are the company's return on equity results reasonable given the input assumptions  
2 you have discussed?

3

4 A. Yes. The results of the company's analysis are shown in Schedule 4 and are  
5 summarized below in Table 2 for the reader's convenience.

6 Table 2  
7 Base Case Return on Equity  
8 For Midwest Energy by Model

9

10		
11		<u>Electric</u>
12	Company Proposed Model	10.15%
13	Adj. Modified "Goodwin" Model	<u>8.15%</u>
14	Difference	2.00%
15		

16

17 Q. Why are there differences associated with the company's proposed ROE model and  
18 the adjusted modified "Goodwin" model?

19

20 A. As indicated before, the different models represent subtle differences in the  
21 underlying assumptions regarding the return on equity required to return patronage  
22 capital. The company's model assumes a levelized approach to the return of  
23 patronage capital. The adjusted modified "Goodwin" model assumes that patronage

1 capital is retired proportionate to the growth in margins. Both are correct given the  
2 assumptions upon which they rely.

3  
4 The adjusted modified "Goodwin" model was not used herein to suggest an  
5 alternative return. It is included in my testimony to test the reasonableness of the  
6 company's estimate of return on equity for the electric assets. I believe that the use  
7 of this alternative model that the company has historically used best supports the  
8 company's conclusions as to its return on equity for its electric operations.

9  
10 Q. Is the company's estimated return on equity reasonable?

11  
12 A. Yes. The company's approach is reasonable. Additionally, it is important that the  
13 Commission conceptually recognize that Midwest Energy should be permitted to  
14 claim the proposed equity premium associated with the company's estimate of the  
15 ROEs for its electric assets as shown below in Table 3 if patronage capital is to be  
16 returned to the customer owners of Midwest Energy.

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Table 3  
Base Case Return on Equity  
For Midwest Energy by Component


Company Proposed Model:	
Return without Equity Ratio Adj.	10.10%
Equity Ratio Adj.	<u>0.05%</u>
Total Required Return ( $K_e$ )	10.15%

Q. Does this conclude your testimony at this time?

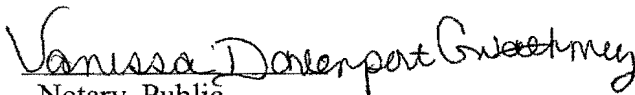
A. Yes.

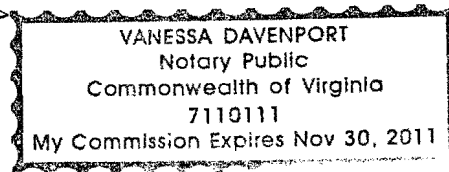
State of Virginia )  
Fairfax County )

William K. Edwards, being duly sworn, deposes and says that the statements contained in the foregoing prepared testimony and the exhibits attached hereto are true and correct to the best of his knowledge, information and belief, and that such prepared testimony constitutes his sworn testimony in this proceeding.

  
William K. Edwards

SWORN TO AND ASCRIBED BEFORE ME THIS THE 31 DAY OF  
JANUARY A.D., 2011.

  
Notary Public



My Commission Expires:

\_\_\_\_\_

**Vanessa Davenport Gwathmey**  
*I was commissioned a Notary  
as Vanessa Davenport*

**WILLIAM K. EDWARDS  
QUALIFICATION**

Mr. Edwards is the Vice President of Regulatory Affairs at the National Rural Utilities Cooperative Finance Corporation. Mr. Edwards' primary focus is the public utility industry. His areas of expertise include utility regulation, load forecasting, planning, cost and rate design, and mergers & acquisitions. Mr. Edwards has previously worked for the firm of Ernst & Whinney as a consultant, Mississippi Power & Light Company an operating company of Entergy as a supervisor in the Rate Department, Central Louisiana Electric Company as Director of Rates & Regulation, and Air Liquide America Corporation as an Energy Manager.

**PROFESSIONAL EXPERIENCE**

Mr. Edwards has extensive experience in the above listed areas. Representative projects are listed below for each of these areas.

Regulation. Mr. Edwards has broad and extensive experience in regulatory matters both as a consultant and as a utility executive. As Director of Rates for Central Louisiana Electric Company, Mr. Edwards had the responsibility for planning and successful execution of a number of dockets before both the Louisiana Commission and the FERC. Such experience includes, but is not limited to the following projects.

- Indiana Power & Light Rate Design Efforts Before the Indiana Commission
- ISES 1 & 2 rate proceedings before the Mississippi Public Service Commission
- Grand Gulf Rate proceeding before the Mississippi Public Service Commission
- Dolet Hills rate proceeding before the Louisiana Public Service Commission
- Wholesale rate proceeding before the FERC on behalf of Mississippi Power & Light Company
- Wholesale rate proceeding before the FERC on behalf of Central Louisiana Electric Company
- Transmission rate proceeding before the FERC on behalf of Central Louisiana Electric Company
- Antitrust case before the FERC on behalf of Central Louisiana Electric Company,
- Deseret Rate complaint before the FERC involving rate of return and cost support
- Electric industry restructuring

Load Forecasting. Mr. Edwards has been involved in many load forecasting efforts with the utility industry and has participated in the industry debates regarding the evolution of methodologies for forecasting. Some of the companies Mr. Edwards has been involved with include the following.

- Wisconsin Public Service Commission - A review of the forecasting methodologies of the Wisconsin Utilities
- Delmarva Power & Light - Advance Plan Proceedings before the Delaware Commission

- Entergy - Forecasting Committee
- Central Louisiana Electric Company - Development of an econometric load forecast 1985-1995
- Aluminum Association of America - electric end-use and econometric approaches to load forecasting.

Planning. Mr. Edwards has extensive knowledge and experience with production costing models (e.g. PROMOD and POWRSYM) and load flow models (PTI and Westinghouse). Mr. Edwards has experience with GE-MAPS software and frequently uses it for the evaluation of generation additions for CFC as well as other planning issues.

- Entergy - determination of fuel savings attributable to load and unit changes
- Central Louisiana Electric Company:
  - Fuel Budgets,
  - Analysis of Savings from Joint Dispatching,
  - Generation Planning
  - Rate Studies, and
  - Loss Studies.
- NRUCFC:
  - Market Evaluation of New/Proposed Generation Additions
  - Transmission Pricing Evaluation

Cost & Rate Design. Mr. Edwards has had extensive experience with cost analysis/determination and rate design for a number of companies including:

- Northern Indiana Public Service Company
- Delmarva Power & Light
- Arkansas Power & Light
- Mississippi Power & Light
- Louisiana Power & Light
- New Orleans Public Service Company
- Missouri Public Service Company
- Iowa Public Service Company
- Wisconsin Public Service Company
- Empire District Power Company
- New York State Gas & Electric Company
- Iowa Power & Light Company
- Allegheny Power System
- Central Louisiana Electric Company
- Air Liquide America Corporation
- Numerous Electric Cooperatives

Mergers & Acquisitions. Mr. Edwards has performed a number of merger & acquisitions studies for various clients including:

- Central Louisiana Electric Company

- Midwest Energy
- Acquisition of Montana Power Company's hydroelectric facilities

**TESTIMONY**

Mr. Edwards has testified before the following Commissions on a broad range of topics:

<u>Company</u>	<u>Jurisdiction</u>	<u>Subject</u>
NIPSCO	Indiana	Long-Run Marginal Cost
IP&L	Indiana	Long-Run Marginal Cost
MP&L	Mississippi	Econometric Forecasts
MP&L	FERC	Financial Model/Rate of Return
CLECO	Louisiana	Rate Design/Revenue Recovery
CLECO	Louisiana	FASB 106 Issues
CLECO	Louisiana	Securities Issuances
CLECO	Louisiana	Securities Issuances
CLECO	Louisiana	Securities Issuances
CLECO	FERC	Cost of Service/Rate of Return
CLECO	FERC	Cost of Service/Rate of Return
CLECO	FERC	Cost of Service
CLECO	FERC	Antitrust Issues
CLECO	FERC	Antitrust Issues
Air Liquide	Washington	Restructuring
Air Liquide	Texas	Restructuring
Air Liquide	Arizona	Rates/Corporate Structure
Air Liquide	Louisiana	Short-Run Marginal Costs and Non-Firm Rates
Idaho Co-ops	Idaho	Restructuring
Central Elect Co-op	Montana	Antitrust
Arizona Elect Power	Arizona	Stranded Costs
Montana Co-ops	Montana	Restructuring
Four County Elect	North Carolina Superior Court	Monopolization
CFC/Deseret G&T	FERC	Return, Cost of Service
Midwest Energy	Kansas	Return on Equity
Wayne-White Co-op	FERC	Market Power
Wayne-White	FERC	Sale for Resale Rates
Wayne-White	FERC	Transmission Rates
Big Horn – WY	Wyoming	Rate of Return
Vermont Electric	Vermont	Return on Equity
Oregon Trails	Oregon	Return on Equity
Midwest Energy	Kansas	Return on Equity
Eastern Maine	Maine	Service Territory Integrity
Oregon Trails	Oregon	Formulary Attachment Rates
Magic Valley	U.S. District Ct.	Valuation
Vermont Electric	Vermont	Return on Equity



Central Virginia  
Mid-Kansas

Virginia  
Kansas

Cost of Service  
Return on Equity

Mr. Edwards has testified before the Idaho Legislature regarding electric utility restructuring; before the Transition Advisory Committee of the Montana Legislature regarding restructuring of electric distribution companies; and before a subcommittee of the legislature of Missouri regarding deregulation issues.

## EDUCATION

Mr. Edwards holds a B.S. degree in Economics from Christopher Newport College of the College of William & Mary (with distinction) and a M.A. degree from Old Dominion University in Economics. Mr. Edwards has completed the majority of requirements for the Ph.D. degree in economics at Virginia Polytechnic Institute & State University in economics. Mr. Edwards' fields of concentration include econometrics, mathematical economics, and microeconomics.

## PUBLICATIONS AND PRESENTATIONS

Mr. Edwards has published or has spoken at the following industry conferences:

- “Decoupling Revenues From Sales: Is It Time For Co-ops To Consider Decoupling?” with Judy Lambert, CFC’s IBES Meeting, November 2009.
- “CFC’s IBES Rate Workshop,” with Judy Lambert and Rod Crile, CFC IBES Meeting, November 2009.
- “Key Electric Rate Issues in a Time of Rising Costs,” With Barry Birkett and Marty Blake, CFC FORUM, June 2009.
- “Electric Rates For Directors,” CFC FORUM, June 2009, with Carl Stover.
- “Revenue Requirements and Rate Design,” Iowa Statewide Conference, January 2009
- “Integrated Resource Planning – Keys to Obtaining Approvals,” EnerVision Conference (Breaking the Mold – Meeting Customer’s Future Electric Energy Needs), October 9-10, 2007, Atlanta Georgia.
- “Ratemaking – Essential Issues for Financial Success,” CFC 2007 Forum, June 2007, with Tom Kandel.
- “The Ratemaking Process,” Minnesota Association of Cooperatives, Minneapolis, Minnesota, April 2007.
- “Power Contracts: Identifying and Mitigating the Risks,” EnerVision Inc. Conference, September 2006, Atlanta, Georgia.
- “Equity Management and the Ratemaking Process: An Overview of Theory and Practice”, CFC’s Independent Borrowers Meeting, June 2004, Boston, Massachusetts.
- “Restructuring at the Crossroads: In the Wake of SMD.” CFC Forum, June 2003.
- “Ratemaking and Restructuring”, CFC’s Forum, June 27-29, 2001, Chicago, Illinois.

- “Restructuring and Antitrust: Issues Facing An Industry”, South Dakota Legal Seminar, November 2000, Pierre, South Dakota.
- “RTOs: Rates & Regulatory Issues”, CFC’s Independent Borrowers Meeting, November 8-10, 2000, San Diego, California.
- “FERC & Distribution Cooperatives”, Tri-State Office Managers & Accountants Meeting, Sponsored by the South Dakota Rural Electric Association, Inc. August 24, 2000.
- “Inferences of Restructuring On The Electric Utility Industry”, Association of Illinois Cooperatives, Springfield, Illinois, July 2000.
- “Strategic Planning And Recent Changes In FERC Policy Regarding The Regulation Of Cooperatives”, Comments Before the Arkansas Electric Cooperative Corporation, Little Rock, Arkansas, December 1999.
- “Cooperative Regulatory Issues at the FERC”, National Rural Utilities Cooperative Finance Corporation Forum in New York, New York, 1999.
- “Changes In Regulatory Jurisdiction Resulting From Restructuring”, Montana Association of Electric Cooperatives, June 1999.
- “Regulatory Restructuring and Economies of Scale & Scope”, Montana Association of Electric Cooperatives, June 1998.
- “Role of Antitrust Laws in the Restructuring Process”, Kentucky Association of Electric Cooperatives, September 1997.
- “FERC Regulation of Cooperatives”, National Rural Utilities Cooperative Finance Corporation Seminars in Denver, Washington, and Atlanta February/March 1997.
- “FERC Regulation: Services & Financial Solutions, Proceedings from CFC Borrowers Interim Meetings”, In conjunction with John T. Stough, Jr. Esq., N. Beth Emery, Esq., Geoffry Hobday, Esq., March 1997.
- “The Essentials of FERC Regulation of Cooperatives”, In conjunction with N. Beth Emery, Esq. And Daniel E. Frank, Esq. On behalf of the National Rural Utilities Cooperative Finance Corporation, February 1997.
- “Unresolved FERC Rate Making Issues”, National Rural Utilities Cooperative Finance Corporation Independent Borrowers Conference, July 2, 1997.
- “Major Issues Facing the Electric Utility Industry As A Result of Restructuring”, Texas Cooperative Accounting Association, June 1997.
- “FERC’s New Merger Policy”, National Rural Utilities Cooperative Finance Corporation, March 1997.
- “Acquisitions and the Future of Electric Distribution Cooperatives”, Presentation Before the Indiana Statewide Association of Electric Cooperatives, August, 1996.
- “The Economics of Acquisitions, Presentation Before the National Rural Electric Cooperative Association, June 1996.
- “Comments Regarding Electric Industry Restructuring”, on behalf of Air Liquide America Corporation for the FERC 1995.
- “Non-Firm Industrial Rates: Economic Justification Vs Marketing Justification”, Presentation Before the Southeastern Electric Exchange, April 1992.
- “Econometric Elasticity Measures Using Directly Estimated Differential Equations”, Presentation Before the Southeastern Electric Exchange, October 1989.
- “Role of Marginal Costs in the Rate Making Process”, Entergy Rate Conference, June 1984.

- “An Inverse Limit Theorem to the Core of the Economy”, Old Dominion University Thesis for the Degree of Master of Arts in Economics, Summer 1979.

**PROFESSIONAL AFFILIATIONS**

Mr. Edwards is a member of the American Economic Association (AEA), and the American Statistical Association. In 1993, Mr. Edwards served as chairman of the Southeastern Electric Exchange’s Rate Section. Mr. Edwards has additionally been a member of the Edison Electric Institute’s Rate Committee.

**2009 Key Ratio Trend Analysis (KRTA)**  
**Midwest Energy, Inc.**

Line No.	Year	Value	US Total Median	US Total NBR	US Total Rank	Grouping Median	Grouping NBR	Grouping Rank
1	BASE GROUP (RATIOS 1-5)							
2								
3	RATIO 1 --- AVERAGE TOTAL CONSUMERS SERVED							
4	2005	45,778	12,361	819	82	5,438	27	1
5	2006	46,774	12,605	818	85	5,554	27	1
6	2007	47,775	12,866	819	86	6,774	27	1
7	2008	48,035	13,166	818	87	6,820	27	1
8	2009	48,227	13,220	816	85	6,840	27	1
9								
10	RATIO 2 --- TOTAL KWH SOLD (1,000)							
11	2005	1,332,573	243,131	819	49	99,535	27	1
12	2006	1,370,958	250,709	818	49	104,904	27	1
13	2007	1,398,415	267,135	819	47	110,048	27	1
14	2008	1,401,720	276,164	818	48	117,251	27	1
15	2009	1,420,468	273,002	816	46	115,102	27	1
16								
17	RATIO 3 --- TOTAL UTILITY PLANT (1,000)							
18	2005	373,829.41	49,101.95	820	17	27,019.80	27	1
19	2006	392,864.29	52,313.13	819	18	28,891.54	27	1
20	2007	451,133.74	56,418.34	820	15	33,718.83	27	1
21	2008	506,764.76	59,850.53	819	15	34,049.82	27	1
22	2009	532,267.55	63,199.26	817	15	35,027.09	27	1
23								
24	RATIO 4 --- TOTAL NUMBER OF EMPLOYEES (FULL TIME ONLY)							
25	2005	261	45	819	15	30	27	1
26	2006	262	46	815	19	31	27	1
27	2007	272	46	819	16	31	27	1
28	2008	278	47	818	15	32	27	1
29	2009	280	48	816	16	33	27	1
30								
31	RATIO 5 --- TOTAL MILES OF LINE							
32	2005	10,968	2,510	818	10	2,100	27	1
33	2006	11,018	2,536	816	9	2,098	27	1
34	2007	11,056	2,550	819	9	2,141	27	1
35	2008	11,083	2,579	818	9	2,141	27	1
36	2009	11,142	2,594	816	9	2,136	27	1
37								
38	FINANCIAL (RATIOS 6-32)							
39								
40	RATIO 6 --- TIER							
41	2005	1.78	2.20	820	592	2.49	27	24
42	2006	2.29	2.29	819	411	2.29	27	14
43	2007	2.10	2.24	820	464	2.36	27	17
44	2008	1.86	2.27	819	566	1.93	27	16

**2009 Key Ratio Trend Analysis (KRTA)**  
**Midwest Energy, Inc.**

Line No.	Year	Value	US Total Median	US Total NBR	US Total Rank	Grouping Median	Grouping NBR	Grouping Rank
45	2009	1.81	2.30	817	612	2.47	27	22
46								
47	RATIO 7 --- TIER (2 OF 3 YEAR HIGH AVERAGE)							
48	2005	2.33	2.47	820	460	2.67	27	19
49	2006	2.28	2.49	819	482	2.86	27	18
50	2007	2.19	2.4	820	495	2.81	27	20
51	2008	2.19	2.46	819	526	2.46	27	18
52	2009	1.98	2.48	817	626	2.61	27	21
53								
54	RATIO 8 --- OTIER							
55	2005	1.56	1.8	820	547	2.21	27	24
56	2006	2.01	1.79	819	310	2.03	27	15
57	2007	1.91	1.73	820	336	1.87	27	13
58	2008	1.78	1.7	819	374	1.63	27	11
59	2009	1.72	1.71	817	403	1.76	27	15
60								
61	RATIO 9 --- OTIER (2 OF 3 YEAR HIGH AVERAGE)							
62	2005	1.8	1.84	820	424	2.15	27	18
63	2006	2.03	1.99	819	396	2.25	27	17
64	2007	1.96	1.95	820	401	2.21	27	18
65	2008	1.96	1.93	819	383	2.09	27	15
66	2009	1.85	1.89	817	431	1.99	27	16
67								
68	RATIO 10 --- MODIFIED DSC (MDSC)							
69	2005	1.42	1.9	820	716	1.87	27	25
70	2006	1.55	1.91	819	636	2	27	20
71	2007	1.56	1.86	820	652	1.9	27	21
72	2008	1.51	1.82	819	638	1.71	27	18
73	2009	1.47	1.85	817	660	1.7	27	19
74								
75	RATIO 11 --- MDSC (2 OF 3 YEAR HIGH AVERAGE)							
76	2005	1.48	2.06	820	763	2.28	27	26
77	2006	1.55	2.02	819	719	2.21	27	25
78	2007	1.55	2	820	708	2.19	27	23
79	2008	1.55	1.98	819	698	2.08	27	21
80	2009	1.53	1.95	817	710	2.03	27	20
81								
82	RATIO 12 --- DEBT SERVICE COVERAGE (DSC)							
83	2005	1.43	2.07	820	740	2.17	27	26
84	2006	1.6	2.11	819	664	2	27	20
85	2007	1.63	2.08	820	678	2.12	27	22
86	2008	1.54	2.07	819	709	2.08	27	21
87	2009	1.5	2.06	817	728	2.09	27	24
88								
89	RATIO 13 --- DSC (2 OF 3 YEAR HIGH AVERAGE)							

**2009 Key Ratio Trend Analysis (KRTA)**  
**Midwest Energy, Inc.**

Line No.	Year	Value	US Total Median	US Total NBR	US Total Rank	Grouping Median	Grouping NBR	Grouping Rank
90	2005	1.55	2.24	820	762	2.5	27	25
91	2006	1.63	2.23	819	714	2.36	27	23
92	2007	1.62	2.22	820	729	2.36	27	25
93	2008	1.62	2.23	819	739	2.23	27	23
94	2009	1.58	2.23	817	761	2.27	27	23
95								
96	RATIO 14 --- ODSC							
97	2005	1.34	1.82	820	728	1.8	27	25
98	2006	1.49	1.8	819	618	1.9	27	19
99	2007	1.55	1.75	820	600	1.74	27	18
100	2008	1.5	1.74	819	590	1.67	27	18
101	2009	1.46	1.77	817	618	1.64	27	19
102								
103	RATIO 15 --- ODSC (2 OF 3 YEAR HIGH AVERAGE)							
104	2005	1.46	1.85	820	676	2.02	27	24
105	2006	1.53	1.93	819	686	2.12	27	25
106	2007	1.52	1.91	820	677	2.04	27	22
107	2008	1.52	1.87	819	667	1.9	27	20
108	2009	1.52	1.86	817	667	1.99	27	19
109								
110	RATIO 16 --- EQUITY AS A % OF ASSETS							
111	2005	34.31	42.32	820	610	44.18	27	22
112	2006	36.31	42.01	819	553	42.02	27	18
113	2007	31.76	41.14	820	658	41.27	27	19
114	2008	30.54	40.62	819	697	40.14	27	20
115	2009	31.32	41.26	817	686	39.53	27	20
116								
117	RATIO 17 --- DISTRIBUTION EQUITY (EXCLUDES EQUITY IN ASSOC. ORG'S PATRONAGE CAPITAL)							
118	2005	33.61	36.92	820	494	41.2	27	20
119	2006	35.58	36.38	819	423	39.69	27	18
120	2007	31.02	35.78	820	545	38.03	27	19
121	2008	29.74	34.91	819	557	36.49	27	19
122	2009	30.43	35.11	817	537	35.69	27	19
123								
124	RATIO 18 --- EQUITY AS A % OF TOTAL CAPITALIZATION							
125	2005	41.28	47.82	820	562	48.1	27	20
126	2006	43.32	47.27	819	508	46.83	27	17
127	2007	40.08	47.26	820	572	47.27	27	18
128	2008	35.48	47.22	819	685	44.22	27	21
129	2009	36.09	47.63	817	679	45.23	27	22
130								
131	RATIO 19 --- LONG TERM DEBT AS A % OF TOTAL ASSETS							
132	2005	48.8	46.01	814	336	45.36	27	13
133	2006	47.51	45.87	813	371	44.5	27	9
134	2007	47.48	46.13	813	367	45.52	27	9

**2009 Key Ratio Trend Analysis (KRTA)**  
**Midwest Energy, Inc.**

Line No.	Year	Value	US Total Median	US Total NBR	US Total Rank	Grouping Median	Grouping NBR	Grouping Rank
135	2008	55.54	45.44	811	167	46.78	27	7
136	2009	55.46	45.69	808	165	45.99	27	7
137								
138	RATIO 20 --- LONG TERM DEBT PER KWH SOLD (MILLS)							
139	2005	97.53	88.12	814	348	103.63	27	16
140	2006	93.45	91.99	813	395	109.01	27	19
141	2007	112.83	93.8	813	305	112.83	27	14
142	2008	147.49	96	811	160	120.34	27	9
143	2009	152.09	103.19	808	166	136.31	27	9
144								
145	RATIO 21 --- LONG TERM DEBT PER CONSUMER (\$)							
146	2005	2,839.11	1,699.03	814	84	1,749.04	27	2
147	2006	2,739.17	1,777.28	813	119	1,905.77	27	4
148	2007	3,302.59	1,862.81	813	69	1,838.03	27	2
149	2008	4,303.82	1,932.21	811	30	2,063.99	27	2
150	2009	4,479.70	2,043.37	808	32	2,180.30	27	2
151								
152	RATIO 22 --- NON-GOVERNMENT DEBT AS A % OF TOTAL LONG TERM DEBT							
153	2005	100	30.48	781	91	18.7	22	2
154	2006	100	28.11	791	93	16.1	23	3
155	2007	100	27.77	786	91	21.97	23	3
156	2008	100	26.9	786	92	16.93	23	3
157	2009	100	25.26	792	92	14.21	23	3
158								
159	RATIO 23 --- BLENDED INTEREST RATE (%)							
160	2005	5.14	4.92	812	275	4.69	27	2
161	2006	5.18	5.13	813	369	4.82	27	9
162	2007	5.51	5.19	813	230	4.86	27	5
163	2008	5.88	5.12	811	113	4.86	27	2
164	2009	5.64	5.07	809	153	4.75	27	2
165								
166	RATIO 24 --- ANNUAL CAPITAL CREDITS RETIRED PER TOTAL EQUITY (%)							
167	2005	0.94	2.3	635	482	1.46	27	20
168	2006	1.65	2.17	638	398	1.31	27	9
169	2007	1.57	2.02	649	397	0.98	27	12
170	2008	1.46	2.05	634	407	1.13	27	13
171	2009	1.49	1.95	631	391	0.68	26	8
172								
173	RATIO 25 --- LONG-TERM INTEREST AS A % OF REVENUE							
174	2005	4.96	4.9	812	398	4.96	27	14
175	2006	4.89	5.15	813	443	4.89	27	14
176	2007	5.57	5.27	813	367	5.31	27	12
177	2008	6.56	5.06	811	233	4.72	27	6
178	2009	7.98	5.14	809	121	5.34	27	3
179								

**2009 Key Ratio Trend Analysis (KRTA)**  
**Midwest Energy, Inc.**

Line No.	Year	Value	US Total Median	US Total NBR	US Total Rank	Grouping Median	Grouping NBR	Grouping Rank
180	RATIO 27 --- RATE OF RETURN ON EQUITY (%)							
181	2005	6.14	6.08	820	403	7.35	27	19
182	2006	9.49	6.51	819	179	6.95	27	7
183	2007	8.79	7.03	820	266	8.28	27	12
184	2008	8.6	6.82	819	287	6.49	27	8
185	2009	8.3	7.1	817	306	8.21	27	13
186								
187	RATIO 28 --- RATE OF RETURN ON TOTAL CAPITALIZATION (%)							
188	2005	5.78	5.37	820	336	6.06	27	17
189	2006	7.3	5.82	819	180	5.93	27	7
190	2007	6.74	6.04	820	289	5.86	27	9
191	2008	6.6	5.99	819	315	5.78	27	9
192	2009	6.7	6.01	817	286	6.25	27	11
193								
194	RATIO 29 --- CURRENT RATIO							
195	2005	0.78	1.26	820	678	1.22	27	24
196	2006	0.78	1.29	819	647	1.59	27	21
197	2007	0.79	1.21	820	642	0.88	27	16
198	2008	0.78	1.16	819	628	1.05	27	21
199	2009	0.74	1.2	817	642	0.84	27	17
200								
201	RATIO 30 --- GENERAL FUNDS PER TUP (%)							
202	2005	6.94	4	819	245	5.9	27	12
203	2006	4.47	3.99	819	378	4.51	27	15
204	2007	1.6	3.91	820	627	3.96	27	19
205	2008	1.62	3.91	819	623	3.19	27	21
206	2009	0.67	3.72	817	750	2.53	27	25
207								
208	RATIO 31 --- PLANT REVENUE RATIO (PRR) ONE YEAR							
209	2005	7.51	6.42	820	154	6.66	27	8
210	2006	7.58	6.39	819	129	6.97	27	5
211	2007	8.32	6.37	820	62	7.08	27	6
212	2008	8.43	6.44	819	54	7.1	27	3
213	2009	8.16	6.46	817	72	7.08	27	5
214								
215	RATIO 32 --- INVESTMENT IN SUBSIDIARIES TO TOTAL ASSETS (%)							
216	2005	N/A	N/A	N/A	N/A	N/A	N/A	N/A
217	2006	N/A	N/A	N/A	N/A	N/A	N/A	N/A
218	2007	0.23	0.52	251	155	1.27	11	9
219	2008	N/A	N/A	N/A	N/A	N/A	N/A	N/A
220	2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A
221								
222	REVENUE & MARGINS (RATIOS 33-59)							
223								
224	RATIO 33 --- TOTAL OPERATING REVENUE PER KWH SOLD (MILLS)							



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**Midwest Energy, Inc.**

Line No.	Year	Value	US Total Median	US Total NBR	US Total Rank	Grouping Median	Grouping NBR	Grouping Rank
225	2005	108.85	83.4	819	83	107.76	27	12
226	2006	107.56	88.12	818	142	105.89	27	13
227	2007	108.73	91.18	819	162	102.88	27	11
228	2008	123.63	97.15	818	100	111.75	27	7
229	2009	110.43	100.87	816	264	110.45	27	15
230								
231	RATIO 34 --- TOTAL OPERATING REVENUE PER TUP INVESTMENT (CENTS)							
232	2005	38.8	40.25	820	455	36.2	27	9
233	2006	37.53	40.76	819	498	37.18	27	13
234	2007	33.7	41.13	820	602	34.34	27	15
235	2008	34.2	42.13	819	623	36.22	27	20
236	2009	29.47	42.05	817	707	34.36	27	24
237								
238	RATIO 35 --- TOTAL OPERATING REVENUE PER CONSUMER (\$)							
239	2005	3,168.70	1,624.06	819	39	1,610.94	27	1
240	2006	3,152.55	1,724.30	818	55	1,804.52	27	2
241	2007	3,182.53	1,797.89	819	55	1,754.80	27	3
242	2008	3,607.80	1,921.74	818	53	1,849.83	27	2
243	2009	3,252.70	1,981.84	816	69	1,848.04	27	2
244								
245	RATIO 36 --- ELECTRIC REVENUE PER KWH SOLD (MILLS)							
246	2005	68.38	81.77	819	674	101.37	27	26
247	2006	72.71	86.75	818	645	104.09	27	26
248	2007	71.9	89.17	819	684	100.23	27	27
249	2008	80.75	95.42	818	636	108.69	27	26
250	2009	78.46	98.81	816	684	109.68	27	26
251								
252	RATIO 37 --- ELECTRIC REVENUE PER CONSUMER (\$)							
253	2005	1,990.46	1,593.01	819	164	1,594.17	27	7
254	2006	2,131.21	1,686.67	818	166	1,799.58	27	7
255	2007	2,104.68	1,761.38	819	206	1,731.19	27	6
256	2008	2,356.34	1,883.20	818	191	1,835.01	27	6
257	2009	2,310.81	1,940.25	816	220	1,749.75	27	6
258								
259	RATIO 38 --- RESIDENTIAL REVENUE PER KWH SOLD (MILLS)							
260	2005	81.28	88.31	818	535	108.74	27	26
261	2006	86.19	94.46	817	533	110.64	27	26
262	2007	84.46	96.4	819	598	108.07	27	27
263	2008	94.86	102.3	818	538	115.02	27	25
264	2009	97.34	107.21	816	559	115.93	27	24
265								
266	RATIO 39 --- NON-RESIDENTIAL REVENUE PER KWH SOLD (MILLS)							
267	2005	64.62	72.3	817	557	92.22	27	26
268	2006	68.9	76.82	816	537	95.75	27	27
269	2007	68.28	79.1	818	588	91.43	27	27

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Line No.	Year	Value	US Total Median	US Total NBR	US Total Rank	Grouping Median	Grouping NBR	Grouping Rank
270	2008	76.92	85.43	817	538	99.32	27	25
271	2009	73.4	88.28	815	627	94.24	27	26
272								
273	RATIO 41 --- IRRIGATION REVENUE PER KWH SOLD (MILLS)							
274	2005	88.77	95.42	402	250	119.23	18	16
275	2006	91.2	93.86	400	215	117.86	18	15
276	2007	91.17	100.32	399	248	125.82	18	16
277	2008	107.98	111.11	397	218	131.62	18	13
278	2009	105.8	117.82	398	254	130.48	18	14
279								
280	RATIO 42 --- SMALL COMMERCIAL REVENUE PER KWH SOLD (MILLS)							
281	2005	73.39	81.62	817	559	101.51	27	26
282	2006	78.23	86.43	814	531	104.77	27	26
283	2007	76.62	88.67	817	602	100.62	27	27
284	2008	84.6	95.09	816	576	106.89	27	26
285	2009	82.76	99.12	813	647	107.26	27	26
286								
287	RATIO 43 --- LARGE COMMERCIAL REVENUE PER KWH SOLD (MILLS)							
288	2005	52.7	57	667	425	71.06	17	16
289	2006	56.08	61.53	673	434	67.87	16	14
290	2007	55.82	63.98	680	477	75.86	18	15
291	2008	61.75	69.03	684	459	77.22	19	17
292	2009	55.91	72.21	685	567	76.84	18	17
293								
294	RATIO 44 --- SALES FOR RESALE REVENUE PER KWH SOLD (MILLS)							
295	2005	36.85	50.2	117	105	41.98	9	8
296	2006	39.46	51.56	114	100	57.82	9	9
297	2007	38.32	54.82	113	105	51.06	9	9
298	2008	51.27	58.36	117	87	54.35	9	8
299	2009	43.64	61.86	121	111	52.96	8	8
300								
301	RATIO 45 --- STREET & HIGHWAY LIGHTING REVENUE PER KWH SOLD (MILLS)							
302	2005	122.42	115.3	585	261	126.69	20	11
303	2006	129.08	119.66	589	255	125	20	10
304	2007	131.73	124.36	587	266	132.68	21	13
305	2008	134.89	132.71	586	285	144.25	21	13
306	2009	123.83	139.11	588	350	149.57	22	19
307								
308	RATIO 47 --- OPERATING MARGINS PER KWH SOLD (MILLS)							
309	2005	2.51	2.8	819	444	4.53	27	25
310	2006	4.7	2.94	818	222	4.7	27	14
311	2007	5.02	2.99	819	206	5.02	27	14
312	2008	5.65	2.78	818	170	2.22	27	7
313	2009	5.64	3.27	816	196	5.09	27	11
314								

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**Midwest Energy, Inc.**

Line No.	Year	Value	US Total Median	US Total NBR	US Total Rank	Grouping Median	Grouping NBR	Grouping Rank
315	RATIO 48 --- OPERATING MARGINS PER CONSUMER (\$)							
316	2005	73.1	56.3	819	310	77.62	27	17
317	2006	137.69	56.57	818	106	84.19	27	8
318	2007	147.02	61.81	819	111	67.76	27	6
319	2008	164.79	57.61	818	94	48.4	27	3
320	2009	166	64.69	816	100	77.36	27	7
321								
322	RATIO 49 --- NON-OPERATING MARGINS PER KWH SOLD (MILLS)							
323	2005	1.09	0.57	819	206	0.68	27	7
324	2006	1.28	0.72	818	234	0.84	27	8
325	2007	0.73	0.75	819	419	1.04	27	17
326	2008	0.21	0.59	817	636	0.74	27	22
327	2009	0.25	0.49	816	580	0.72	27	23
328								
329	RATIO 50 --- NON-OPERATING MARGINS PER CONSUMER (\$)							
330	2005	31.72	10.92	819	127	10.92	27	4
331	2006	37.56	13.85	818	155	14.83	27	4
332	2007	21.29	15.63	819	299	16.43	27	11
333	2008	6.21	12.2	817	583	11.77	27	19
334	2009	7.29	10.41	816	497	11.87	27	20
335								
336	RATIO 51 --- TOTAL MARGINS LESS ALLOCATIONS PER KWH SOLD (MILLS)							
337	2005	3.6	3.49	819	396	5.26	27	23
338	2006	5.98	3.89	818	213	5.78	27	13
339	2007	5.75	4.01	819	245	5.75	27	14
340	2008	5.86	3.65	818	216	3.18	27	10
341	2009	5.88	4.08	816	234	4.85	27	11
342								
343	RATIO 52 --- TOTAL MARGINS LESS ALLOCATIONS PER CONSUMER (\$)							
344	2005	104.82	70.95	819	213	89.75	27	10
345	2006	175.25	77.51	818	93	105.49	27	7
346	2007	168.31	82.39	819	122	111.58	27	5
347	2008	171	75.62	818	109	68.72	27	3
348	2009	173.29	80.44	816	120	87.82	27	6
349								
350	RATIO 54 --- ASSOCIATED ORGANIZATION'S CAPITAL CREDITS PER KWH SOLD (MILLS)							
351	2005	0.61	1.12	769	499	2.23	27	19
352	2006	0.8	1.32	768	526	0.83	27	16
353	2007	0.88	1.46	769	520	1.6	27	17
354	2008	1.11	2.04	769	515	3.21	27	18
355	2009	1.25	2.34	767	503	5.16	27	18
356								
357	RATIO 55 --- ASSOCIATED ORGANIZATION'S CAPITAL CREDITS PER CONSUMER (\$)							
358	2005	17.7	21.92	769	437	28.41	27	19
359	2006	23.38	26	768	412	14.75	27	5

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Line No.	Year	Value	US Total Median	US Total NBR	US Total Rank	Grouping Median	Grouping NBR	Grouping Rank
360	2007	25.88	29.99	769	418	24.65	27	12
361	2008	32.52	38.28	769	428	43.24	27	17
362	2009	36.69	43.39	767	426	68.62	27	18
363								
364	RATIO 56 --- TOTAL MARGINS PER KWH SOLD (MILLS)							
365	2005	4.21	4.91	819	487	7.22	27	24
366	2006	6.78	5.71	818	309	6.58	27	13
367	2007	6.63	6.05	819	353	7.39	27	18
368	2008	6.97	6.13	818	349	6.12	27	12
369	2009	7.13	6.68	816	368	8.61	27	20
370								
371	RATIO 57 --- TOTAL MARGINS PER CONSUMER (\$)							
372	2005	122.52	99.8	819	292	115.38	27	11
373	2006	198.62	112.2	818	136	122.43	27	7
374	2007	194.2	118.16	819	183	121.84	27	6
375	2008	203.52	122.96	818	188	120.09	27	5
376	2009	209.98	130.6	816	172	147.56	27	7
377								
378	RATIO 58 --- A/R OVER 60 DAYS AS A % OF OPERATING REVENUE							
379	2005	N/A	N/A	N/A	N/A	N/A	N/A	N/A
380	2006	N/A	N/A	N/A	N/A	N/A	N/A	N/A
381	2007	N/A	N/A	N/A	N/A	N/A	N/A	N/A
382	2008	0.42	0.17	806	197	0.18	26	5
383	2009	0.27	0.17	806	287	0.12	26	7
384								
385	RATIO 59 --- AMOUNT WRITTEN OFF AS A % OF OPERATING REVENUE							
386	2005	0.32	0.18	784	163	0.09	24	2
387	2006	0.14	0.18	791	508	0.1	27	11
388	2007	0.09	0.18	785	586	0.1	24	13
389	2008	0.27	0.18	791	231	0.15	25	6
390	2009	0.25	0.2	784	307	0.12	24	4
391								
392	SALES (RATIOS 60-76)							
393								
394	RATIO 60 --- TOTAL MWH SOLD PER MILE OF LINE							
395	2005	121.5	102.85	818	336	38.23	27	3
396	2006	124.43	104.88	816	322	41.35	27	3
397	2007	126.48	109.02	819	337	49.46	27	4
398	2008	126.47	112.33	818	345	53.94	27	4
399	2009	127.49	110.39	816	336	53.45	27	4
400								
401	RATIO 61 --- AVERAGE RESIDENTIAL USAGE KWH PER MONTH							
402	2005	870.45	1,186.35	818	703	984.48	27	21
403	2006	858.94	1,167.95	817	709	983.02	27	22
404	2007	876.55	1,198.82	819	709	981.66	27	21

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Line No.	Year	Value	US Total Median	US Total NBR	US Total Rank	Grouping Median	Grouping NBR	Grouping Rank
405	2008	836	1,191.15	818	725	967.89	27	21
406	2009	839.11	1,173.32	816	723	967.61	27	21
407								
408	RATIO 63 --- AVERAGE IRRIGATION KWH USAGE PER MONTH							
409	2005	1,927.00	1,875.00	401	193	1,137.32	18	5
410	2006	2,415.23	2,182.87	400	186	1,512.45	18	5
411	2007	2,084.74	2,125.51	399	204	1,295.39	18	3
412	2008	2,175.29	2,084.66	397	187	1,184.15	18	5
413	2009	1,956.58	1,951.34	397	198	1,278.80	18	6
414								
415	RATIO 64 --- AVERAGE SMALL COMMERCIAL KWH USAGE PER MONTH							
416	2005	3,410.82	3,269.57	817	380	2,232.59	27	6
417	2006	3,379.57	3,299.90	814	391	2,217.49	27	6
418	2007	3,485.83	3,333.33	817	382	2,153.96	27	5
419	2008	3,387.77	3,282.35	816	386	2,225.57	27	6
420	2009	3,443.80	3,228.63	813	373	2,106.24	27	5
421								
422	RATIO 65 --- AVERAGE LARGE COMMERCIAL KWH USAGE PER MONTH							
423	2005	550,872.22	505,125.00	666	317	140,083.33	17	4
424	2006	576,965.52	487,916.67	673	309	239,527.78	16	4
425	2007	570,416.67	525,469.44	680	325	151,468.75	18	5
426	2008	619,924.73	505,968.75	684	302	156,222.22	19	5
427	2009	646,661.62	469,224.36	685	269	314,343.75	18	6
428								
429	RATIO 67 --- AVERAGE SALES FOR RESALE KWH USAGE PER MONTH							
430	2005	1,305,492.42	362,000.00	115	20	1,257,444.44	9	4
431	2006	1,357,643.94	372,944.44	112	21	1,286,083.33	9	4
432	2007	1,267,333.33	416,722.22	110	24	1,408,541.67	9	6
433	2008	1,325,800.00	326,916.67	116	23	1,299,944.44	9	4
434	2009	1,293,388.89	331,583.33	120	22	1,282,111.11	8	4
435								
436	RATIO 69 --- RESIDENTIAL KWH SOLD PER TOTAL KWH SOLD (%)							
437	2005	22.58	62.23	818	766	61.81	27	22
438	2006	22.03	61.39	817	763	61.8	27	22
439	2007	22.41	61.38	819	762	58.53	27	21
440	2008	21.33	61.3	818	760	55.9	27	21
441	2009	21.11	61.33	816	761	58.62	27	21
442								
443	RATIO 71 --- IRRIGATION KWH SOLD PER TOTAL KWH SOLD (%)							
444	2005	4.11	1.46	402	130	2.96	18	6
445	2006	5.14	1.73	400	132	4.16	18	7
446	2007	4.46	1.37	399	129	3.12	18	5
447	2008	4.77	1.41	397	127	2.39	18	7
448	2009	4.32	1.18	398	130	3.13	18	7
449								

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Line No.	Year	Value	US Total Median	US Total NBR	US Total Rank	Grouping Median	Grouping NBR	Grouping Rank
450	RATIO 72 --- SMALL COMMERCIAL KWH SOLD PER TOTAL KWH SOLD (%)							
451	2005	44.72	17.09	817	28	24.47	27	3
452	2006	44.38	17.38	814	31	26.49	27	3
453	2007	46.23	17.38	817	28	27.66	27	5
454	2008	45.33	17.27	816	27	28.43	27	4
455	2009	45.95	17.44	813	23	29.35	27	3
456								
457	RATIO 73 --- LARGE COMMERCIAL KWH SOLD PER TOTAL KWH SOLD (%)							
458	2005	14.88	12.88	667	308	13.78	17	7
459	2006	14.65	13.4	673	313	14.76	16	9
460	2007	14.2	13.41	680	330	13.77	18	9
461	2008	16.45	14.05	684	302	15.34	19	9
462	2009	18.03	13.65	685	264	13.7	18	8
463								
464	RATIO 74 --- STREET & HIGHWAY LIGHTING KWH SOLD PER TOTAL KWH SOLD (%)							
465	2005	0.77	0.13	585	33	0.1	20	1
466	2006	0.74	0.13	590	39	0.09	20	1
467	2007	0.75	0.13	588	36	0.18	21	1
468	2008	0.76	0.13	587	35	0.16	21	1
469	2009	0.76	0.13	589	35	0.15	22	1
470								
471	RATIO 75 --- SALES FOR RESALE PER TOTAL KWH SOLD (%)							
472	2005	12.93	3.65	117	25	13.06	9	6
473	2006	13.07	3.92	114	25	13.92	9	7
474	2007	11.96	4.33	113	22	15.17	9	6
475	2008	11.35	3.41	117	20	10.46	9	4
476	2009	9.83	2.53	121	22	9.73	8	4
477								
478	CONTROLLABLE EXPENSES (RATIOS 77-87)							
479								
480	RATIO 77 --- O & M EXPENSES PER TOTAL KWH SOLD (MILLS)							
481	2005	6.46	9	819	622	11.94	27	25
482	2006	6.33	9.32	818	650	12.15	27	25
483	2007	6.78	9.36	819	627	12.29	27	24
484	2008	7.78	9.93	818	585	12.68	27	25
485	2009	7.53	10.36	816	621	12.76	27	24
486								
487	RATIO 78 --- O & M EXPENSES PER DOLLARS OF TUP (MILLS)							
488	2005	23.04	43.19	820	780	43.99	27	27
489	2006	22.08	42.85	819	778	41.33	27	27
490	2007	21.03	43.44	820	793	42.46	27	26
491	2008	21.53	44.27	819	789	47.04	27	27
492	2009	20.11	43.26	817	789	43.55	27	27
493								
494	RATIO 79 --- O & M EXPENSES PER CONSUMER (\$)							

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Line No.	Year	Value	US Total Median	US Total NBR	US Total Rank	Grouping Median	Grouping NBR	Grouping Rank
495	2005	188.15	173.3	819	318	188.15	27	14
496	2006	185.46	181.28	818	382	191.04	27	17
497	2007	198.58	190.57	819	351	202.58	27	17
498	2008	227.1	203.55	818	295	236.1	27	18
499	2009	221.92	207.68	816	329	221.92	27	14
500								
501	RATIO 80 --- CONSUMER ACCOUNTING EXPENSES PER TOTAL KWH SOLD (MILLS)							
502	2005	3.25	2.62	819	246	3.07	27	11
503	2006	3.29	2.71	818	261	2.97	27	12
504	2007	3.24	2.7	818	264	2.94	27	10
505	2008	3.57	2.74	818	219	2.97	27	8
506	2009	3.34	2.86	816	298	3.08	27	11
507								
508	RATIO 81 --- CONSUMER ACCOUNTING EXPENSES PER CONSUMER (\$)							
509	2005	94.49	51.67	819	25	46.92	27	1
510	2006	96.48	53.03	818	30	49.27	27	2
511	2007	94.76	53.45	818	37	51.5	27	1
512	2008	104.26	56.08	818	27	53.81	27	1
513	2009	98.3	57.61	816	45	54.78	27	2
514								
515	RATIO 82 --- CUSTOMER SALES AND SERVICE PER TOTAL KWH SOLD (MILLS)							
516	2005	0.69	0.79	805	454	0.81	25	16
517	2006	0.63	0.82	807	487	0.9	25	21
518	2007	0.78	0.8	803	415	0.79	25	14
519	2008	0.84	0.86	806	410	0.84	25	13
520	2009	0.89	0.88	804	400	0.89	25	13
521								
522	RATIO 83 --- CUSTOMER SALES AND SERVICE PER CONSUMER (\$)							
523	2005	20.12	15.99	805	312	13.92	25	6
524	2006	18.54	16.31	807	353	15	25	10
525	2007	22.87	16.41	803	275	13.67	25	2
526	2008	24.63	17.27	806	278	15.57	25	2
527	2009	26.26	17.32	804	257	15.68	25	1
528								
529	RATIO 84 --- A & G EXPENSES PER TOTAL KWH SOLD (MILLS)							
530	2005	5.99	5.2	819	320	6.53	27	18
531	2006	4.86	5.32	818	472	7.21	27	24
532	2007	4.97	5.34	818	466	7.09	27	20
533	2008	5.09	5.47	818	456	7.03	27	21
534	2009	5.77	5.83	816	418	7.1	27	20
535								
536	RATIO 85 --- A & G EXPENSES PER CONSUMER (\$)							
537	2005	174.33	100.22	819	109	109.06	27	2
538	2006	142.41	106.25	818	188	115.92	27	6
539	2007	145.42	108.3	818	213	114.32	27	5

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Line No.	Year	Value	US Total Median	US Total NBR	US Total Rank	Grouping Median	Grouping NBR	Grouping Rank
540	2008	148.64	112.99	818	213	122.19	27	7
541	2009	170.06	115.92	816	171	117.15	27	5
542								
543	RATIO 86 --- TOTAL CONTROLLABLE EXPENSES PER TOTAL KWH SOLD (MILLS) (SAME AS RATIO #103)							
544	2005	16.39	18.12	819	495	23.46	27	23
545	2006	15.11	18.66	818	575	24.64	27	24
546	2007	15.77	19.04	819	561	24.04	27	21
547	2008	17.29	19.6	818	517	24.9	27	22
548	2009	17.54	20.27	816	537	23.54	27	22
549								
550	RATIO 87 --- TOTAL CONTROLLABLE EXPENSES PER CONSUMER (\$) (SAME AS RATIO #104)							
551	2005	477.09	345.95	819	125	349.73	27	7
552	2006	442.89	361.64	818	198	367.55	27	7
553	2007	461.63	372.38	819	191	395.12	27	5
554	2008	504.63	391.92	818	170	433.64	27	5
555	2009	516.53	403.19	816	167	412.37	27	4
556								
557	FIXED EXPENSES (RATIOS 88-102)							
558								
559	RATIO 88 --- POWER COST PER KWH PURCHASED (MILLS)							
560	2005	64.39	48.8	817	68	59.74	27	1
561	2006	62.74	53.22	817	150	61.88	27	13
562	2007	63.66	55.43	819	140	60.1	27	4
563	2008	72.88	59.31	818	120	63.3	27	1
564	2009	60.66	61.1	814	413	63.67	27	16
565								
566	RATIO 89 --- POWER COST PER TOTAL KWH SOLD (MILLS)							
567	2005	71.5	51.67	819	58	65	27	1
568	2006	69.77	56.53	818	121	66.44	27	7
569	2007	69.96	58.82	819	127	64.18	27	1
570	2008	80.76	63.05	818	97	68.45	27	1
571	2009	64.52	64.59	816	409	69.26	27	16
572								
573	RATIO 90 --- POWER COST AS A % OF REVENUE							
574	2005	65.69	60.83	820	257	57.44	27	6
575	2006	64.87	61.44	819	295	58.47	27	6
576	2007	64.34	61.78	820	331	56.68	27	10
577	2008	65.32	63.1	819	335	58.08	27	9
578	2009	58.42	62.3	817	537	58.28	27	13
579								
580	RATIO 91 --- LONG-TERM INTEREST COST PER TOTAL KWH SOLD (MILLS)							
581	2005	5.4	4.27	812	265	5.29	27	12
582	2006	5.26	4.7	813	349	5.6	27	16
583	2007	6.05	4.87	813	283	5.68	27	12
584	2008	8.11	4.89	811	127	5.52	27	4



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Line No.	Year	Value	US Total Median	US Total NBR	US Total Rank	Grouping Median	Grouping NBR	Grouping Rank
585	2009	8.81	5.16	809	115	6.57	27	6
586								
587	RATIO 92 --- LONG-TERM INTEREST COST AS A % OF TUP							
588	2005	1.92	2.04	812	460	1.68	27	8
589	2006	1.84	2.17	813	538	1.75	27	13
590	2007	1.88	2.22	813	545	1.78	27	13
591	2008	2.24	2.22	811	395	1.8	27	8
592	2009	2.35	2.19	809	318	1.92	27	7
593								
594	RATIO 93 --- LONG-TERM INTEREST COST PER CONSUMER (\$)							
595	2005	157.14	81.06	812	54	77.7	27	2
596	2006	154.15	90.4	813	79	88.8	27	3
597	2007	177.15	95.42	813	58	92.42	27	2
598	2008	236.76	99.79	811	22	96.15	27	1
599	2009	259.54	102.64	809	19	101.53	27	1
600								
601	RATIO 94 --- DEPRECIATION EXPENSE PER TOTAL KWH SOLD (MILLS)							
602	2005	8.76	5.96	819	130	8.2	27	11
603	2006	8.85	6.14	818	141	8.54	27	12
604	2007	9.09	6.24	819	129	8.79	27	11
605	2008	9.53	6.42	818	119	8.54	27	10
606	2009	10.33	6.81	816	107	8.88	27	7
607								
608	RATIO 95 --- DEPRECIATION EXPENSE AS A % OF TUP							
609	2005	3.12	2.86	820	159	2.76	27	3
610	2006	3.09	2.84	819	181	2.71	27	5
611	2007	2.82	2.83	820	427	2.58	27	9
612	2008	2.64	2.83	819	613	2.65	27	15
613	2009	2.76	2.86	817	517	2.6	27	10
614								
615	RATIO 96 --- DEPRECIATION EXPENSE PER CONSUMER (\$)							
616	2005	255.08	113.31	819	29	122.45	27	1
617	2006	259.36	118.22	818	28	140.36	27	1
618	2007	266.13	122.76	819	27	122.58	27	1
619	2008	278.21	129.84	818	26	135.53	27	1
620	2009	304.37	135.05	816	23	139.24	27	1
621								
622	RATIO 97 --- ACCUMULATIVE DEPRECIATION AS A % OF PLANT IN SERVICE							
623	2005	45.4	31.4	820	65	37.21	27	3
624	2006	45.67	31.4	819	68	37.98	27	3
625	2007	46.44	31.12	820	58	35.86	27	3
626	2008	38.91	30.85	819	155	34.24	27	8
627	2009	39.09	30.88	817	151	32.66	27	7
628								
629	RATIO 98 --- TOTAL TAX EXPENSE PER TOTAL KWH SOLD (MILLS)							

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Line No.	Year	Value	US Total Median	US Total NBR	US Total Rank	Grouping Median	Grouping NBR	Grouping Rank
630	2005	3.88	0.95	589	39	0	13	1
631	2006	3.29	0.94	590	62	0.01	10	2
632	2007	3.51	0.94	592	58	0	11	2
633	2008	3.32	1.04	590	66	0	11	2
634	2009	3.7	1	595	55	0.01	11	1
635								
636	RATIO 99 --- TOTAL TAX EXPENSE AS A % OF TUP							
637	2005	1.38	0.44	590	82	0	13	1
638	2006	1.15	0.43	591	104	0	10	3
639	2007	1.09	0.43	593	126	0	11	3
640	2008	0.92	0.43	591	154	0	11	2
641	2009	0.99	0.42	596	135	0	11	2
642								
643	RATIO 100 --- TOTAL TAX EXPENSE PER CONSUMER							
644	2005	113.03	18.64	589	8	0.03	13	1
645	2006	96.58	18.78	590	15	0.1	10	1
646	2007	102.67	19.2	592	13	0.03	11	1
647	2008	96.98	20.1	590	18	0.04	11	1
648	2009	109.07	21.14	595	12	0.22	11	1
649								
650	RATIO 101 --- TOTAL FIXED EXPENSES PER TOTAL KWH SOLD (MILLS)							
651	2005	89.95	61.46	819	43	79.29	27	1
652	2006	87.75	67.45	818	75	79.43	27	6
653	2007	87.93	69.51	819	95	77.22	27	3
654	2008	100.69	75.14	818	58	84.04	27	1
655	2009	87.26	78.14	816	223	82.86	27	12
656								
657	RATIO 102 --- TOTAL FIXED EXPENSES PER CONSUMER (\$)							
658	2005	2,618.51	1,220.60	819	35	1,229.39	27	1
659	2006	2,571.97	1,293.88	818	51	1,367.74	27	3
660	2007	2,573.88	1,358.70	819	52	1,309.60	27	3
661	2008	2,938.38	1,464.63	818	50	1,419.51	27	2
662	2009	2,570.18	1,513.63	816	67	1,370.03	27	2
663								
664	TOTAL EXPENSES (RATIOS 103-107)							
665								
666	RATIO 103 --- TOTAL OPERATING EXPENSES PER TOTAL KWH SOLD (MILLS)							
667	2005	16.39	18.12	819	495	23.46	27	23
668	2006	15.11	18.66	818	575	24.64	27	24
669	2007	15.77	19.04	819	561	24.04	27	21
670	2008	17.29	19.6	818	517	24.9	27	22
671	2009	17.54	20.27	816	537	23.54	27	22
672								
673	RATIO 104 --- TOTAL OPERATING EXPENSES PER CONSUMER (\$)							
674	2005	477.09	345.95	819	125	349.73	27	7

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Line No.	Year	Value	US Total Median	US Total NBR	US Total Rank	Grouping Median	Grouping NBR	Grouping Rank
675	2006	442.89	361.64	818	198	367.55	27	7
676	2007	461.63	372.38	819	191	395.12	27	5
677	2008	504.63	391.92	818	170	433.64	27	5
678	2009	516.53	403.19	816	167	412.37	27	4
679								
680	RATIO 105 --- TOTAL COST OF SERVICE (MINUS POWER COSTS) PER TOTAL KWH SOLD (MILLS)							
681	2005	34.84	29.81	819	269	36.54	27	17
682	2006	33.09	30.71	818	350	38.56	27	20
683	2007	33.75	31.33	819	340	39.67	27	16
684	2008	37.23	32.38	818	277	39.62	27	15
685	2009	40.28	34.03	816	249	40.33	27	15
686								
687	RATIO 106 --- TOTAL COST OF ELECTRIC SERVICE PER TOTAL KWH SOLD (MILLS)							
688	2005	106.34	80.74	819	73	104.26	27	9
689	2006	102.86	85.45	818	154	102.86	27	14
690	2007	103.7	88.09	819	179	97.13	27	12
691	2008	117.99	94.48	818	109	103.76	27	9
692	2009	104.8	97.39	816	304	107.53	27	15
693								
694	RATIO 107 --- TOTAL COST OF ELECTRIC SERVICE PER CONSUMER (\$)							
695	2005	3,095.59	1,564.65	819	39	1,546.53	27	1
696	2006	3,014.86	1,654.67	818	54	1,729.50	27	3
697	2007	3,035.51	1,723.68	819	58	1,748.98	27	2
698	2008	3,443.01	1,865.47	818	53	1,878.61	27	2
699	2009	3,086.70	1,912.47	816	74	1,737.47	27	2
700								
701	EMPLOYEES (RATIOS 108-113)							
702								
703	RATIO 108 --- AVERAGE WAGE RATE PER HOUR (\$)							
704	2005	26.99	24.12	819	189	23.15	27	4
705	2006	27.73	24.84	814	199	23.47	27	6
706	2007	29.4	26.16	817	176	25.97	27	6
707	2008	31.01	27.16	817	151	26.46	27	4
708	2009	32.18	28.44	814	158	27.85	27	5
709								
710	RATIO 109 --- TOTAL WAGES PER TOTAL KWH SOLD (MILLS)							
711	2005	10.62	9.98	819	369	14.1	27	23
712	2006	10.38	9.95	815	378	14.38	27	22
713	2007	11.62	10.14	817	318	15.15	27	19
714	2008	12.82	10.44	817	268	14.37	27	17
715	2009	12.51	10.93	815	308	15.74	27	20
716								
717	RATIO 110 --- TOTAL WAGES PER CONSUMER (\$)							
718	2005	309.27	193.28	819	92	232.04	27	3
719	2006	304.16	196.57	815	112	232.78	27	5

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Line No.	Year	Value	US Total Median	US Total NBR	US Total Rank	Grouping Median	Grouping NBR	Grouping Rank
720	2007	340.13	205.69	817	83	252.09	27	1
721	2008	374.03	214.65	817	66	253.67	27	2
722	2009	368.34	218.38	815	84	271.39	27	5
723								
724	RATIO 111 --- OVERTIME HOURS/TOTAL HOURS (%)							
725	2005	7.61	5.8	816	224	5.94	27	10
726	2006	6.69	4.98	811	189	4.13	27	3
727	2007	11.33	5.3	817	29	8.05	27	6
728	2008	10.67	5.25	816	36	5.7	27	1
729	2009	7.15	4.94	814	169	5.37	27	8
730								
731	RATIO 112 --- CAPITALIZED PAYROLL / TOTAL PAYROLL (%)							
732	2005	22.15	22.87	816	447	25.59	27	20
733	2006	23.91	23.67	814	393	26.26	27	19
734	2007	31.4	23.58	816	130	31.48	27	15
735	2008	29.6	22.83	814	157	30.08	27	15
736	2009	27.77	22.12	812	189	31.48	27	20
737								
738	RATIO 113 --- AVERAGE CONSUMERS PER EMPLOYEE							
739	2005	175.39	274.5	819	731	219.27	27	23
740	2006	178.53	276.41	815	717	224.64	27	22
741	2007	175.64	282.23	819	733	226.5	27	26
742	2008	172.79	286.08	818	745	227.07	27	27
743	2009	172.24	287.19	816	749	217.11	27	26
744								
745	GROWTH (RATIOS 114-121)							
746								
747	RATIO 114 --- ANNUAL GROWTH IN KWH SOLD (%)							
748	2005	6.75	4.66	815	242	6.07	27	11
749	2006	2.88	1.78	817	332	4.43	27	19
750	2007	2	3.7	815	578	4.96	27	21
751	2008	0.24	1.22	817	520	2.6	27	21
752	2009	1.34	-1.06	816	217	-0.31	27	10
753								
754	RATIO 115 --- ANNUAL GROWTH IN NUMBER OF CONSUMERS (%)							
755	2005	-5.53	1.5	815	809	0.88	27	27
756	2006	2.18	1.51	817	238	1.44	27	9
757	2007	2.14	1.35	815	214	1.74	27	11
758	2008	0.54	0.99	817	594	0.85	27	20
759	2009	0.4	0.47	816	442	1	27	18
760								
761	RATIO 116 --- ANNUAL GROWTH IN TUP DOLLARS (%)							
762	2005	2.86	4.99	816	708	4.62	27	23
763	2006	5.09	5.6	818	475	5.55	27	15
764	2007	14.83	5.72	816	35	7.67	27	9

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Line No.	Year	Value	US Total Median	US Total NBR	US Total Rank	Grouping Median	Grouping NBR	Grouping Rank
765	2008	12.33	5.23	818	40	5.26	27	4
766	2009	5.03	4.4	817	304	4.89	27	12
767								
768	RATIO 117 --- CONST. W.I.P. TO PLANT ADDITIONS (%)							
769	2005	19.16	26.81	805	499	19.45	26	14
770	2006	28.76	24.72	793	352	18.65	26	10
771	2007	325.06	25.77	809	15	37.16	27	3
772	2008	13.99	27.04	810	586	15.59	26	15
773	2009	86.25	27.25	808	114	51.9	25	8
774								
775	RATIO 118 --- NET NEW SERVICES TO TOTAL SERVICES (%)							
776	2005	0.53	1.63	816	727	0.99	27	21
777	2006	0.68	1.58	816	697	1.05	27	20
778	2007	0.74	1.36	817	642	1.06	27	18
779	2008	0.31	1.06	816	690	1.04	27	21
780	2009	0.78	0.66	813	334	0.5	27	9
781								
782	RATIO 119 --- ANNUAL GROWTH IN TOTAL CAPITALIZATION (%)							
783	2005	-1.57	5.35	816	774	9.27	27	26
784	2006	2.12	5.12	818	628	5.89	27	19
785	2007	16.49	5.48	816	63	6.7	27	8
786	2008	21.68	4.61	818	27	7.6	27	4
787	2009	5.51	4.11	817	325	5.51	27	14
788								
789	RATIO 120 --- 2 YR. COMPOUND GROWTH IN TOTAL CAPITALIZATION (%)							
790	2005	19.08	5.13	815	12	7.72	27	1
791	2006	0.26	5.6	814	759	7	27	27
792	2007	9.07	5.53	817	168	6.86	27	11
793	2008	19.06	5.62	814	25	6.57	27	6
794	2009	13.3	5.05	816	53	6.79	27	5
795								
796	RATIO 121 --- 5 YR. COMPOUND GROWTH IN TOTAL CAPITALIZATION (%)							
797	2005	14.97	4.65	805	8	5.94	26	1
798	2006	14.91	4.93	810	6	4.85	26	1
799	2007	15.83	5.2	808	11	6.85	27	3
800	2008	15.47	5.64	810	15	7.01	27	6
801	2009	8.49	5.65	808	140	8.57	27	15
802								
803	PLANT (RATIOS 122-145)							
804								
805	RATIO 122 --- TUP INVESTMENTS PER TOTAL KWH SOLD (CENTS)							
806	2005	28.05	20.84	819	186	30.51	27	16
807	2006	28.66	21.62	818	182	30.64	27	16
808	2007	32.26	22.02	819	134	31.01	27	13
809	2008	36.15	22.71	818	90	31.01	27	8

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Line No.	Year	Value	US Total Median	US Total NBR	US Total Rank	Grouping Median	Grouping NBR	Grouping Rank
810	2009	37.47	23.89	816	95	32.08	27	10
811								
812	RATIO 123 --- TUP INVESTMENT PER CONSUMER (\$)							
813	2005	8,166.14	3,954.35	819	37	4,740.03	27	1
814	2006	8,399.20	4,114.77	818	37	4,986.01	27	1
815	2007	9,442.88	4,303.16	819	30	4,976.95	27	1
816	2008	10,549.91	4,473.15	818	27	5,029.48	27	1
817	2009	11,036.71	4,676.44	816	24	5,407.91	27	1
818								
819	RATIO 124 --- TUP INVESTMENT PER MILE OF LINE (\$)							
820	2005	34,083.64	21,564.30	818	140	11,782.00	27	1
821	2006	35,656.59	22,567.64	816	139	12,743.99	27	1
822	2007	40,804.43	23,941.64	819	115	14,139.97	27	2
823	2008	45,724.51	25,113.04	818	92	15,108.75	27	2
824	2009	47,771.28	26,205.55	816	97	16,250.47	27	2
825								
826	RATIO 125 --- AVERAGE CONSUMERS PER MILE							
827	2005	4.17	5.82	818	548	2.79	27	5
828	2006	4.25	5.84	816	546	2.84	27	5
829	2007	4.32	5.93	819	548	3.02	27	6
830	2008	4.33	5.93	818	549	3.12	27	6
831	2009	4.33	5.93	816	548	3.16	27	6
832								
833	RATIO 126 --- DISTRIBUTION PLANT PER TOTAL KWH SOLD (MILLS)							
834	2005	134.68	174.91	819	598	247.07	27	24
835	2006	137.54	179.56	818	610	255.91	27	24
836	2007	142.84	183.51	819	591	249.09	27	23
837	2008	152.72	189.62	818	567	259.2	27	23
838	2009	157.7	199.69	816	588	243.48	27	23
839								
840	RATIO 127 --- DISTRIBUTION PLANT PER CONSUMER (\$)							
841	2005	3,920.39	3,290.37	819	248	3,838.68	27	13
842	2006	4,031.44	3,452.99	818	252	4,035.05	27	15
843	2007	4,181.05	3,572.95	819	250	3,956.00	27	12
844	2008	4,456.46	3,719.00	818	232	4,199.48	27	11
845	2009	4,644.87	3,894.36	816	231	4,298.33	27	11
846								
847	RATIO 128 --- DISTRIBUTION PLANT PER EMPLOYEE (\$)							
848	2005	687,615.50	925,911.49	819	710	796,164.13	27	24
849	2006	719,720.61	972,132.93	815	705	814,346.42	27	22
850	2007	734,374.59	1,018,721.25	819	735	884,235.67	27	22
851	2008	770,022.05	1,080,619.33	818	729	973,065.36	27	21
852	2009	800,029.55	1,141,956.32	816	731	987,385.83	27	21
853								
854	RATIO 129 --- GENERAL PLANT PER TOTAL KWH SOLD (MILLS)							

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855	2005	8.66	14.32	818	664	18.15	27	26
856	2006	8.93	14.61	817	655	18.39	27	26
857	2007	9.42	14.59	819	636	18.13	27	23
858	2008	10.27	14.65	818	604	17.83	27	23
859	2009	10.52	15.68	816	629	20.66	27	24
860								
861	RATIO 130 --- GENERAL PLANT PER CONSUMER (\$)							
862	2005	252.01	269.07	818	456	303.61	27	18
863	2006	261.83	281.41	817	458	316.86	27	18
864	2007	275.76	287.56	819	444	281.87	27	15
865	2008	299.65	301.11	818	414	322.17	27	17
866	2009	309.95	314.82	816	420	360.89	27	18
867								
868	RATIO 131 --- GENERAL PLANT PER EMPLOYEE (\$)							
869	2005	44,201.28	74,126.87	818	768	68,740.24	27	27
870	2006	46,743.44	77,029.18	814	762	67,648.77	27	27
871	2007	48,435.01	80,789.70	819	770	69,971.92	27	26
872	2008	51,775.96	83,541.52	818	765	71,586.07	27	26
873	2009	53,384.91	87,912.69	816	771	77,010.50	27	26
874								
875	RATIO 132 --- HEADQUARTERS PLANT PER TOTAL KWH SOLD (MILLS)							
876	2005	2.77	6.78	760	698	6.69	26	24
877	2006	2.7	6.97	765	706	6.43	26	24
878	2007	2.79	6.92	770	711	6.06	25	23
879	2008	2.82	7.27	770	712	7.36	26	24
880	2009	2.97	7.87	767	724	7.4	25	24
881								
882	RATIO 133 --- HEADQUARTERS PLANT PER CONSUMER (\$)							
883	2005	80.57	130.44	760	591	109.42	26	18
884	2006	79	137.14	765	615	110.59	26	18
885	2007	81.59	140.4	770	614	108.41	25	17
886	2008	82.42	149.13	770	630	127.38	26	22
887	2009	87.41	159.95	767	633	135.19	25	21
888								
889	RATIO 134 --- HEADQUARTERS PLANT PER EMPLOYEE (\$)							
890	2005	14,132.14	34,640.60	760	713	22,856.58	26	20
891	2006	14,104.39	36,798.76	763	728	23,105.22	26	22
892	2007	14,329.96	37,886.03	770	733	22,119.40	25	22
893	2008	14,242.01	40,465.37	770	739	26,278.72	26	23
894	2009	15,054.59	43,663.11	767	744	27,913.38	25	22
895								
896	RATIO 135 --- TRANSMISSION PLANT PER TOTAL KWH SOLD (MILLS)							
897	2005	48.46	10.66	417	31	11.05	23	2
898	2006	48.63	11.14	416	30	9.02	23	2
899	2007	48.37	10.99	417	31	10.22	24	2

**2009 Key Ratio Trend Analysis (KRTA)**  
**Midwest Energy, Inc.**

Line No.	Year	Value	US Total Median	US Total NBR	US Total Rank	Grouping Median	Grouping NBR	Grouping Rank
900	2008	55.74	11.53	413	23	10.84	24	1
901	2009	57.86	12.02	413	24	11.1	24	1
902								
903	RATIO 136 --- TRANSMISSION PLANT PER CONSUMER (\$)							
904	2005	1,410.60	208.07	417	15	183.19	23	1
905	2006	1,425.32	216.28	416	14	182.07	23	1
906	2007	1,415.95	217.11	417	14	180.12	24	1
907	2008	1,626.63	230.14	413	11	210.97	24	1
908	2009	1,704.09	234.16	413	11	179.77	24	1
909								
910	RATIO 137 --- TRANSMISSION PLANT PER EMPLOYEE (\$)							
911	2005	247,411.58	56,928.22	417	20	46,128.03	23	1
912	2006	254,457.11	58,766.67	416	22	44,771.32	23	1
913	2007	248,702.46	61,530.42	417	24	45,443.47	24	1
914	2008	281,061.52	67,788.18	413	21	57,272.20	24	1
915	2009	293,510.74	68,926.21	413	17	49,149.75	24	1
916								
917	RATIO 138 --- IDLE SERVICES TO TOTAL SERVICE (%)							
918	2005	2.91	7.84	797	655	7.75	27	26
919	2006	2.87	7.88	794	651	7.73	27	25
920	2007	2.42	7.77	797	688	6.91	27	26
921	2008	2.4	7.67	797	687	6.92	27	26
922	2009	2.38	7.86	796	690	6.57	27	26
923								
924	RATIO 139 --- LINE LOSS (%)							
925	2005	9.81	6.22	817	65	7.88	27	2
926	2006	10.08	5.86	817	52	7.33	27	2
927	2007	8.99	6.03	819	91	7.41	27	6
928	2008	9.75	6.04	818	60	7.67	27	2
929	2009	5.97	5.96	814	405	7.54	27	22
930								
931	RATIO 140 --- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - POWER SUPPLIER							
932	2005	0	0.26	820	686	1.22	27	27
933	2006	0	0.26	819	685	1.27	27	27
934	2007	0	0.25	820	676	1.67	27	27
935	2008	0	16.39	819	699	78.6	27	27
936	2009	0	14.8	817	714	84.81	27	26
937								
938	RATIO 141 --- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - EXTREME STORM							
939	2005	3.93	0.52	820	158	1.9	27	12
940	2006	0.48	0.21	819	334	0.2	27	12
941	2007	0.52	0.4	820	386	17.6	27	24
942	2008	85.2	28.2	819	277	33.6	27	8
943	2009	91	19.83	817	246	95.4	27	15
944								



**2009 Key Ratio Trend Analysis (KRTA)**  
**Midwest Energy, Inc.**

Line No.	Year	Value	US Total Median	US Total NBR	US Total Rank	Grouping Median	Grouping NBR	Grouping Rank	
945	RATIO 142 --- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - PREARRANGED								
946	2005	0.05	0.02	820	328	0.05	27	14	
947	2006	0.01	0.02	819	473	0.02	27	18	
948	2007	0.1	0.03	820	250	0.06	27	13	
949	2008	10.2	2.34	819	175	2.04	27	7	
950	2009	27.6	2.59	817	92	3.48	27	3	
951									
952	RATIO 143 --- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - ALL OTHER								
953	2005	0.53	1.53	820	720	1.54	27	26	
954	2006	0.27	1.63	819	762	1.44	27	27	
955	2007	0.44	1.62	820	744	2.15	27	26	
956	2008	315	99.36	819	63	158.64	27	2	
957	2009	147.6	95.4	817	226	91.8	27	8	
958									
959	RATIO 144 --- SYSTEM AVG. INTERRUPTION DURATION INDEX (SAIDI) - TOTAL								
960	2005	5	3.26	820	280	5.99	27	15	
961	2006	0.76	3	819	759	3.76	27	27	
962	2007	1	3.37	820	741	21.83	27	27	
963	2008	410.4	201.96	819	216	333	27	7	
964	2009	266.2	196.2	817	298	406.06	27	18	
965									
966	RATIO 145 --- AVG. SERVICE AVAILABILITY INDEX (SAI) - TOTAL (%)								
967	2005	99.94	99.96	820	542	99.93	27	13	
968	2006	99.99	99.97	819	58	99.96	27	1	
969	2007	99.99	99.96	820	78	99.75	27	1	
970	2008	99.92	99.96	819	604	99.94	27	21	
971	2009	99.95	99.96	817	520	99.92	27	10	

Midwest Energy Evaluation of Growth Rates  
For Electric

	(a)	(b)	(c)	(d)	(e)
Line No.	Year	Before Acquisition	After Acquisition	After GMEC	Growth By Year
1	2000	\$117,620,137			
2	2001	\$119,273,798			
3	2002	\$122,389,599			
4	2003	\$126,022,655	\$159,101,005		
5	2004		\$160,618,996		
6	2005		\$164,253,068		
7	2006		\$173,132,841	\$175,041,928	
8	2007		\$169,709,493	\$224,412,974	28.21%
9	2008		\$205,900,871	\$274,329,602	22.24%
10	2009			\$290,653,429	5.95%
11	2010			\$304,306,457	4.70%
12	2011			\$321,633,081	5.69%
13	2012			\$331,201,522	2.97%
14	2013			\$354,141,819	6.93%
15	2014			\$372,562,129	5.20%
				Compounding Method	Simple Average
16	Projected Growth 2010-2011			5.69%	5.69%
17	Projected Growth 2010-2012			4.33%	4.33%
18	Projected Growth 2010-2013			5.19%	5.20%
19	Projected Growth 2010-2014			5.19%	5.20%
	Average of All Growth Rates			5.10%	5.11%

Midwest Energy Results Of Return Formulas  
For Electric

Line No.	Parameter	Variable Name	Parameter Value
1	Growth Rate	g	5.10%
2	Current Equity Level	We	34.78%
3	Target Equity Level	We*	35.00%
4	Time to Reach Target Equity (yrs)	t	12
5	Cap. Credits Rotation Cycle (yrs)	n	20
Modified "Goodwin" Model:			
6	$Ke = ((1+g)^{(n+1)} - (1+g)^n) / ((1+g)^n - 1) =$		8.09%
Modified "Goodwin" Model with Equity Ratio Adjuster:			
7	$Ke = [((1+g)^{(n+1)} - (1+g)^n) / ((1+g)^n - 1) + ((1+g)^n * ((We^*/We)^{(1/t)} - 1))] =$		8.15%
Model without Equity Adjustment			
8	$Ke = g + (1/n) =$		10.10%
Company Sponsored Return Model W/ Equity Adjuster:			
9	$Ke = g + (1/n) + ((1+g)^n * (((We^*/We)^{(1/t)} - 1))) =$		10.15%