

Power & Utilities

Q4 2012 Quarterly Earnings Preview

We are releasing our Q4'12 and updated FY'12 EPS estimates: We see regulated earnings in Q4'12 growing 1.8% from reported Q4'11 EPS. For the full year 2012, we expect regulated utility EPS to increase 3.6% and integrated utility EPS to decrease 4.9% from 2011. Additionally, we expect IPP earnings to grow for the year, mainly driven by negative 2011 earnings for CPN and ORA turning positive in 2012. For regulated utilities, key drivers were rate case gains and cost management, offset by the impact of bonus depreciation. Drivers in the power sector included weak gas prices and power prices outside ERCOT. In 4Q'12, weather was a tailwind across the East and Midwest, and a headwind in the Southwest and West when compared to 4Q'11.

Key themes for 4Q'12 conference calls: During the 4Q earnings conference calls for regulated utilities, we would listen for 1) sales growth prospects for the coming year, especially given both slow macro recovery and energy efficiency and other causes resulting in load growth lagging economic growth, 2) potential revisions to capital budgets, and 3) the impact of the extension of bonus depreciation on equity issuance plans. For power companies, we would focus on 1) potentially negative mark-to-market effects that could impact EBITDA guidance for 2013 and 2) impact of heightened government focus on environmental policy in the second presidential term.

EARNING FORECAST CHANGE

North America Utilities

POSITIVE
Unchanged

U.S. Power

NEUTRAL
Unchanged

For a full list of our ratings, price target and earnings changes in this report, please see table on page 2.

U.S. Power & Utilities

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Investors should consider this report as only a single factor in making their investment decision.

PLEASE SEE ANALYST(S) CERTIFICATION(S) AND IMPORTANT DISCLOSURES BEGINNING ON PAGE 19.

Summary of our Ratings, Price Targets and Earnings Changes in this Report (all changes are shown in bold)

Company	Rating		Price		Price Target			EPS FY1 (E)			EPS FY2 (E)		
	Old	New	24-Jan-13	Old	New	%Chg	Old	New	%Chg	Old	New	%Chg	
North America Utilities	Pos	Pos											
Alliant Energy (LNT)	OW	OW	45.89	50.00	50.00	-	2.98	2.98	-	3.18	3.18	-	
American Electric Power (AEP)	OW	OW	44.19	47.00	47.00	-	3.06	3.06	-	3.10	3.10	-	
American Water Works (AWK)	OW	OW	38.59	41.00	41.00	-	2.13	2.13	-	2.20	2.20	-	
Aqua America (WTR)	EW	EW	27.16	25.00	25.00	-	1.09	1.09	-	1.19	1.19	-	
Canadian Utilities Ltd. (CU CN / CU.TO)	EW	EW	75.08	74.00	74.00	-	4.13	4.03	-2	4.36	4.36	-	
CenterPoint Energy Inc. (CNP)	EW	EW	20.24	21.00	21.00	-	1.18	1.20	2	1.33	1.33	-	
CMS Energy (CMS)	OW	OW	25.28	27.00	27.00	-	1.54	1.54	-	1.66	1.66	-	
Consolidated Edison (ED)	EW	EW	56.34	59.00	59.00	-	3.77	3.77	-	3.82	3.82	-	
Dominion Resources (D)	OW	OW	53.79	58.00	58.00	-	3.08	3.08	-	3.35	3.35	-	
DTE Energy (DTE)	EW	EW	62.50	62.00	62.00	-	3.98	3.98	-	4.07	4.07	-	
Duke Energy (DUK)	OW	OW	67.80	69.00	69.00	-	4.21	4.21	-	4.31	4.31	-	
Edison International (EIX)	OW	OW	46.69	49.00	49.00	-	3.13	3.13	-	3.15	3.15	-	
Emera Inc. (EMA CN / EMA.TO)	OW	OW	36.16	37.00	37.00	-	1.77	1.77	-	1.82	1.82	-	
Fortis Inc. (FTS CN / FTS.TO)	EW	EW	34.35	33.00	33.00	-	1.73	1.73	-	1.78	1.78	-	
Great Plains Energy Inc. (GXP)	EW	EW	20.92	22.00	22.00	-	1.23	1.31	7	1.55	1.55	-	
Hawaiian Electric Inds (HE)	EW	EW	25.98	25.00	25.00	-	1.61	1.61	-	1.69	1.69	-	
ITC Holdings (ITC)	RS	RS	79.22	N/A	N/A	-	N/A	N/A	-	N/A	N/A	-	
National Grid Plc (NGG)	OW	OW	55.34	64.00	64.00	-	4.35	4.35	-	4.52	4.52	-	
NiSource, Inc. (NI)	OW	OW	26.50	27.00	27.00	-	1.45	1.45	-	1.56	1.56	-	
Northeast Utilities (NU)	OW	OW	39.91	45.00	45.00	-	2.28	2.28	-	2.59	2.59	-	
NV Energy, Inc. (NVE)	EW	EW	18.75	20.00	20.00	-	1.33	1.33	-	1.27	1.27	-	
OGE Energy Corp. (OGE)	OW	OW	57.64	63.00	63.00	-	3.60	3.57	-1	3.83	3.83	-	
Pepco Holdings (POM)	EW	EW	19.27	19.00	19.00	-	1.20	1.20	-	1.23	1.23	-	
PG&E Corp. (PCG)	EW	EW	41.51	45.00	45.00	-	3.10	3.20	3	2.80	2.80	-	
Pinnacle West Capital (PNW)	EW	EW	53.10	54.00	54.00	-	3.40	3.43	1	3.56	3.56	-	
PNM Resources (PNM)	EW	EW	20.82	21.00	21.00	-	1.29	1.29	-	1.38	1.38	-	
Portland General Electric Co. (POR)	EW	EW	28.33	27.00	27.00	-	1.88	1.88	-	1.93	1.93	-	
SCANA Corp. (SCG)	EW	EW	46.64	48.00	48.00	-	3.15	3.15	-	3.33	3.33	-	
Sempra Energy (SRE)	EW	EW	73.97	70.00	70.00	-	4.31	4.31	-	4.37	4.37	-	
Southern Co. (SO)	EW	EW	44.21	48.00	48.00	-	2.61	2.61	-	2.80	2.80	-	
TECO Energy (TE)	UW	UW	17.11	17.00	17.00	-	1.16	1.16	-	1.07	1.07	-	
Westar Energy (WR)	OW	OW	29.81	33.00	33.00	-	2.03	2.03	-	2.11	2.11	-	
Wisconsin Energy (WEC)	OW	OW	38.58	43.00	43.00	-	2.32	2.32	-	2.51	2.51	-	
Xcel Energy (XEL)	EW	EW	27.42	30.00	30.00	-	1.78	1.78	-	1.87	1.87	-	
U.S. Power	Neu	Neu											
AES Corp. (AES)	OW	OW	11.09	14.00	14.00	-	1.22	1.22	-	1.25	1.25	-	
Ameren Corp. (AEE)	EW	EW	31.97	33.00	33.00	-	2.42	2.46	2	2.16	2.16	-	
Calpine Corp. (CPN)	OW	OW	19.01	22.00	22.00	-	0.05	0.41	720	0.18	0.43	139	
Covanta Holding Corp. (CVA)	OW	OW	19.19	20.00	20.00	-	0.52	0.52	-	0.69	0.69	-	
Dynegy Inc. (DYN)	EW	EW	20.03	18.00	18.00	-	-1.51	-1.51	-	-0.33	-0.33	-	
Entergy Corp. (ETR)	RS	RS	63.84	N/A	N/A	-	N/A	N/A	-	N/A	N/A	-	
Exelon Corp. (EXC)	EW	EW	30.39	36.00	36.00	-	2.80	2.80	-	2.67	2.67	-	
FirstEnergy Corp. (FE)	EW	EW	39.92	45.00	45.00	-	3.37	3.33	-1	3.01	3.01	-	
NextEra Energy (NEE)	OW	OW	72.10	76.00	76.00	-	4.51	4.51	-	4.90	4.90	-	

Summary of our Ratings, Price Targets and Earnings Changes in this Report (all changes are shown in bold)

Company	Rating		Price	Price Target			EPS FY1 (E)			EPS FY2 (E)		
	Old	New	24-Jan-13	Old	New	%Chg	Old	New	%Chg	Old	New	%Chg
NRG Energy (NRG)	OW	OW	23.67	29.00	29.00	-	1.32	1.32	-	0.92	0.92	-
Ormat Technologies (ORA)	EW	EW	20.24	18.00	18.00	-	0.35	0.35	-	0.80	0.80	-
PPL Corporation (PPL)	EW	EW	29.51	30.00	30.00	-	2.34	2.39	2	2.37	2.37	-
Public Service Enterprise Gp (PEG)	EW	EW	30.28	32.00	32.00	-	2.39	2.45	3	2.27	2.27	-

Source: Barclays Research. Share prices and target prices are shown in the primary listing currency and EPS estimates are shown in the reporting currency.

FY1(E): Current fiscal year estimates by Barclays Research. FY2(E): Next fiscal year estimates by Barclays Research.

Stock Rating: OW: Overweight; EW: Equal Weight; UW: Underweight; RS: Rating Suspended

Industry View: Pos: Positive; Neu: Neutral; Neg: Negative

Figure 1: Barclays Q1 2012 Earnings Expectations

US Names in US\$ Canadian Names in CAD		Quarterly Earnings Actuals & Estimates					Comparative Annual Estimates				
Company	Ticker Symbol	Scheduled Reporting Date ⁽¹⁾	2012 Fourth Quarter Estimate ⁽²⁾	2012 Fourth Quarter Consensus Estimate	2011 Actual Fourth Quarter Earnings	\$ Change	2012 Annual Barclays Estimate	Trailing 12 Month Result ⁽³⁾	2012 Annual Consensus Estimate	Difference	2011 Annual Operating Earnings
Alliant Energy	LNT	14-Feb	\$0.54E	\$0.57	\$0.51A	\$0.03	\$2.98	\$2.98	\$2.98	\$0.22	\$2.76A
Ameren Corp.	AEE	20-Feb	\$0.14E	\$0.13	\$0.14A	\$0.00	\$2.42	\$2.42	\$2.44	(\$0.14)	\$2.56A
American Electric Power	AEP	TBD	\$0.47E	\$0.45	\$0.40A	\$0.07	\$3.06	\$2.99	\$3.05	(\$0.06)	\$3.12A
American Water Works	AWK	TBD	\$0.35E	\$0.40	\$0.34A	\$0.01	\$2.16	\$2.23	\$2.16	\$0.35	\$1.81A
Aqua America	WTR	TBD	\$0.23E	\$0.24	\$0.20A	\$0.03	\$1.09	\$1.08	\$1.09	\$0.04	\$1.05A
AES Corp.	AES	2/27 est.	\$0.31E	\$0.30	\$0.22A	\$0.09	\$1.22	\$1.22	\$1.22	\$0.18	\$1.04A
Calpine Corp.	CPN	13-Feb	\$0.03E	(\$0.06)	-\$0.09A	\$0.12	\$0.41	\$0.41	\$0.29	\$0.44	-\$0.03A
Centerpoint	CNP	27-Feb	\$0.20E	\$0.21	\$0.27A	(\$0.07)	\$1.20	\$1.26	\$1.20	\$0.00	\$1.20A
CMS Energy	CMS	21-Feb	\$0.22E	\$0.23	\$0.15A	\$0.07	\$1.54	\$1.54	\$1.54	\$0.09	\$1.45A
Canadian Utilities	CJ.TO	TBD	\$1.21E	\$1.08	\$0.80A	\$0.41	\$4.03	\$4.03	\$3.98	\$0.34	\$3.69A
Covanta Holdings	CVA	6-Feb	\$0.23E	\$0.23	\$0.26A	(\$0.03)	\$0.52	\$0.52	\$0.53	\$0.00	\$0.52A
Dominion Resources	D	31-Jan	\$0.72E	\$0.69	\$0.58A	\$0.14	\$3.08	\$2.94	\$3.15	\$0.03	\$3.05A
DTE Energy	DTE	15-Feb	\$0.90E	\$0.86	\$0.90A	\$0.00	\$3.98	\$3.98	\$3.92	\$0.25	\$3.73A
Duke Energy	DUK	13-Feb	\$0.72E	\$0.64	\$0.72A	\$0.00	\$4.21	\$4.30	\$4.11	(\$0.17)	\$4.38A
Dynegy Inc.	DYN	w/o 2/25 est	-\$0.38E	(\$0.22)	-\$0.60A	\$0.22	(\$1.51)	(\$1.89)	(\$1.87)	\$0.37	-\$1.88A
Consolidated Edison	ED	31-Jan	\$0.71E	\$0.73	\$0.74A	(\$0.03)	\$3.77	\$3.77	\$3.78	\$0.13	\$3.64A
Edison International	EIX	26-Feb	\$0.96E	\$1.05	\$0.78A	\$0.18	\$3.13	\$3.13	\$2.35	(\$0.16)	\$3.29A
Emera Inc.	EMA.TO	8-Feb	\$0.39E	\$0.41	\$0.38A	\$0.01	\$1.77	\$1.77	\$1.70	\$0.11	\$1.66A
Energy	ETR	8-Feb				N/A			\$5.47	N/A	\$7.62A
Exelon	EXC	7-Feb	\$0.57E	\$0.65	\$0.82A	(\$0.25)	\$2.80	\$4.26	\$2.75	(\$1.36)	\$4.16A
FirstEnergy	FE	26-Feb	\$0.80E	\$0.84	\$0.77A	\$0.03	\$3.33	\$3.33	\$3.37	(\$0.13)	\$3.46A
Fortis Inc.	FTS.TO	7-Feb	\$0.50E	\$0.50	\$0.45A	\$0.05	\$1.73	\$1.73	\$1.71	(\$0.02)	\$1.75A
Great Plains Energy	GXP	28-Feb	\$0.02E	\$0.03	\$0.01A	\$0.01	\$1.31	\$1.29	\$1.31	\$0.06	\$1.25A
Hawaiian Electric Industries	HE	7-Feb	\$0.32E	\$0.31	\$0.36A	(\$0.04)	\$1.61	\$1.61	\$1.60	\$0.17	\$1.44A
ITC Holdings, Inc.	ITC	TBD				N/A			\$4.11	N/A	\$3.35A
NextEra	NEE	29-Jan	\$0.97E	\$0.96	\$0.93A	\$0.04	\$4.51	\$4.47	\$4.54	\$0.12	\$4.39A
NiSource Inc.	NI	19-Feb	\$0.41E	\$0.42	\$0.35A	\$0.06	\$1.45	\$1.38	\$1.45	\$0.10	\$1.35A
Northeast Utilities	NU	19-Feb	\$0.56E	\$0.59	\$0.74A	(\$0.18)	\$2.28	\$2.28	\$2.29	(\$0.10)	\$2.38A
NRG Energy	NRG	w/o 2/25 est	-\$0.17E	(\$0.06)	-\$0.48A	\$0.31	\$1.32	\$1.32	\$1.16	\$0.73	\$0.59A
NV Energy	NVE	w/o 2/18 est	\$0.07E	\$0.07	-\$0.11A	\$0.18	\$1.33	\$1.33	\$1.34	\$0.64	\$0.69A
OG&E Energy Corp.	OGE	14-Feb	\$0.37E	\$0.35	\$0.35A	\$0.02	\$3.57	\$3.57	\$3.55	\$0.12	\$3.45A
Ormat Technologies	ORA	27-Feb	-\$0.16E	\$0.04	-\$0.95A	\$0.79	\$0.35	\$0.35	\$0.40	\$1.30	-\$0.95A
PG&E Corp.	PCG	21-Feb	\$0.57E	\$0.58	\$0.89A	(\$0.32)	\$3.20	\$3.20	\$3.20	(\$0.37)	\$3.57A
PNM Resources	PNM	1-Mar	\$0.10E	\$0.11	\$0.22A	(\$0.12)	\$1.29	\$1.29	\$1.30	\$0.21	\$1.08A
Pinnacle West Capital Corp.	PNW	22-Feb	\$0.17E	\$0.16	\$0.11A	\$0.06	\$3.43	\$3.43	\$3.42	\$0.44	\$2.99A
Pepco Holdings	POM	TBD	\$0.18E	\$0.19	\$0.15A	\$0.03	\$1.22	\$1.18	\$1.20	(\$0.03)	\$1.25A
Portland General Electric	POR	22-Feb	\$0.39E	\$0.43	\$0.38A	\$0.01	\$1.88	\$1.88	\$1.91	(\$0.07)	\$1.95A
PPL Corp.	PPL	14-Feb	\$0.46E	\$0.46	\$0.70A	(\$0.24)	\$2.39	\$2.39	\$2.35	(\$0.33)	\$2.72A
Public Svc. Ent. Group	PEG	21-Feb	\$0.42E	\$0.38	\$0.47A	(\$0.05)	\$2.45	\$2.45	\$2.39	(\$0.29)	\$2.74A
SCANA Energy	SCG	21-Feb	\$0.74E	\$0.79	\$0.76A	(\$0.02)	\$3.15	\$3.15	\$3.16	\$0.14	\$3.01A
Sempra Energy	SRE	TBD	\$1.03E	\$1.00	\$1.21A	(\$0.18)	\$4.31	\$4.14	\$4.19	(\$0.16)	\$4.47A
Southern Company	SO	30-Jan	\$0.39E	\$0.40	\$0.30A	\$0.09	\$2.61	\$2.61	\$2.62	\$0.04	\$2.57A
TECO Energy	TE	5-Feb	\$0.20E	\$0.21	\$0.25A	(\$0.05)	\$1.16	\$1.20	\$1.17	(\$0.11)	\$1.27A
Westar Energy	WR ⁽⁴⁾	28-Feb	\$0.24E	\$0.20	\$0.16A	\$0.08	\$2.03	\$2.03	\$1.98	\$0.21	\$1.82A
Wisconsin Energy	WEC	30-Jan	\$0.40E	\$0.42	\$0.49A	(\$0.09)	\$2.32	\$2.32	\$2.33	\$0.14	\$2.18A
Xcel Energy	XEL	31-Jan	\$0.24E	\$0.28	\$0.29A	(\$0.05)	\$1.78	\$1.83	\$1.77	\$0.06	\$1.72A
Average			\$0.40	\$0.41	\$0.37	\$0.03	\$2.22	\$2.24	\$2.30	\$0.08	\$2.29
% Change			8.7%	-2.8%			-2.8%		0.3%		
Regulated			\$0.45	\$0.45	\$0.44	\$0.01	\$2.41	\$2.40	\$2.37	\$0.08	\$2.32
% Change			1.8%	-0.8%			3.6%		1.9%		
Power			\$0.27	\$0.30	\$0.18	\$0.09	\$1.68	\$1.77	\$1.63	\$0.07	\$1.61
% Change			47.0%	-11.8%			4.6%		1.3%		

(1) "w/o" - week of

(2) Estimates exclude discontinued and unusual opera

(3) Trailing 12 month period includes three most recent reported quarters, plus estimate for current quarter.

(4) Estimates exclude Corporate Owned Life Insurance Benefits

Note: "RS" Indicates restricted.

Note: "A" Indicates actual result.

Source: FirstCall and Barclays Research

PG&E Corp

We are updating our annual EPS estimate for PG&E Corp from \$3.10 to \$3.20 premised upon the penalty for San Bruno, and our assumed equity issuance related to that matter being delayed past year end. Our 2012 annual estimate of \$3.21 incorporated a Q4 EPS estimate of \$0.57 vs. our prior Q4 EPS estimate of \$0.47. We expect earnings per share for the quarter will be driven by higher attrition revenues offset by planned incremental work costs, potential regulatory and litigation costs, higher share counts, and other items.

Canadian Utilities Ltd

We are updating our annual EPS estimate for Canadian Utilities Ltd. from \$4.13 to \$4.03 premised upon lower realized power prices in the year in Alberta than we had modelled. This reflects a quarterly estimate of \$1.21. Actual power prices reflected \$43/MWh. Further, we have also adjusted Alberta gas prices to \$3.79/GJ to reflect actual prices at the AECO hub in 2012. We expect results in the quarter to be driven by higher results at the electric segment, while results will be lower at the gas and pipeline utilities as growing rate base is more than offset by a lower regulated equity ratio of 38% vs. 45% last year.

Ameren Corp (AEE)

Stock Rating: EQUAL WEIGHT

Income statement (\$mn)	2011A	2012E	2013E	2014E	CAGR
EBITDA (adj)	2,151	2,138	2,008	2,161	0.2%
EBIT (adj)	1,366	1,376	1,331	1,482	2.8%
Pre-tax income (adj)	954	912	802	863	-3.3%
Net income (adj)	619	600	529	568	-2.8%
EPS (adj) (\$)	2.56	2.46	2.16	2.28	-3.8%
Diluted shares (mn)	241.5	243.6	245.3	248.6	1.0%
DPS (\$)	1.56	1.60	1.60	1.60	1.0%

Margin and return data	Average				
EBITDA (adj) margin (%)	28.6	28.8	28.0	30.5	29.0
EBIT (adj) margin (%)	18.1	18.5	18.5	20.9	19.0
Pre-tax (adj) margin (%)	12.7	12.3	11.2	12.2	12.1
Net (adj) margin (%)	8.2	8.1	7.4	8.0	7.9
ROIC (%)	9.2	9.0	9.0	9.1	9.1
ROA (%)	2.6	2.4	2.0	2.1	2.3
ROE (%)	7.8	7.4	7.3	7.6	7.5

Balance sheet and cash flow (\$mn)	CAGR				
Net PP&E	15,222	15,710	16,388	17,184	4.1%
Total net assets	23,645	25,208	25,915	26,749	4.2%
Capital employed	14,923	15,329	14,802	16,222	2.8%
Shareholders' equity	7,919	8,129	7,229	7,499	-1.8%
Net debt/(funds)	6,749	5,972	6,339	7,473	3.5%
Cash flow from operations	1,878	1,583	1,288	1,329	-10.9%
Capital expenditure	-1,030	-1,265	-1,370	-1,490	N/A
Free cash flow	472	-72	-474	-559	N/A
Pre-dividend FCF	848	318	-82	-161	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	12.5	13.0	14.8	14.0	13.6
EV/EBITDA (adj) (x)	6.8	6.4	7.0	7.1	6.8
EV/EBIT (adj) (x)	10.6	10.0	10.6	10.3	10.4
P/BV (x)	1.0	1.0	1.1	1.1	1.0
Dividend yield (%)	4.9	5.0	5.0	5.0	5.0
Total debt/capital (%)	46.9	47.0	51.2	53.8	49.7
Net debt/EBITDA (adj) (x)	3.1	2.8	3.2	3.5	3.1

Selected operating metrics	2011A	2012E	2013E	2014E
Payout ratio (%)	60.7	65.0	74.1	70.1
Interest cover (x)	3.0	2.7	2.3	2.2
Regulated (%)	86.5	91.8	106.8	106.0

Price (24-Jan-2013) **USD 31.97**
 Price Target **USD 33.00**

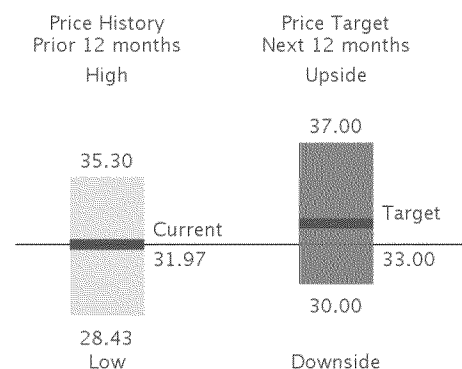
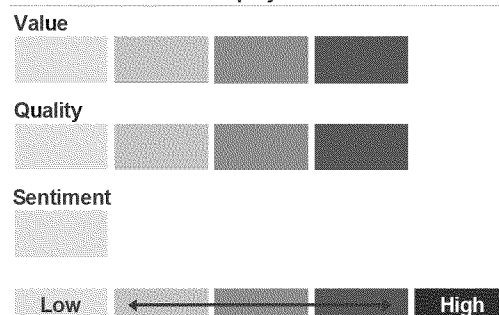
Why Equal Weight? We like AEE's 5.3% dividend yield, however, we view the Illinois and Missouri jurisdictions as discounts. We think the decision to exit or wind-down the merchant generation business makes sense, but could take a long time to conclude.

Upside case **USD 37.00**

Our upside case is AEE's asset value; we use a discounted cash flow of forward prices against the quartiled plant operating metrics such as efficiency, cost and location.

Downside case **USD 30.00**

Our downside case reflects an integrated valuation on 2014 EPS of an average 13.1x our \$2.28 2014 EPS estimate.

Upside / Downside scenarios**POINT® Quantitative Equity Scores**

Source: POINT. The scores are valid as of the date of this report and are independent of the fundamental analysts' views. To view the latest scores, click here.

Source: Company data, Barclays Research
 Note: FY End Dec

North America Utilities Industry View: POSITIVE

Canadian Utilities Limited (CU.TO)

Stock Rating: EQUAL WEIGHT

Income statement (CADmn)	2011A	2012E	2013E	2014E	CAGR
EBITDA (adj)	1,256	1,417	1,600	1,763	12.0%
EBIT (adj)	891	982	1,092	1,180	9.8%
Pre-tax income (adj)	658	719	780	826	7.9%
Net income (adj)	471	516	560	593	8.0%
EPS (adj) (CAD)	3.69	4.03	4.36	4.59	7.5%
Diluted shares (mn)	128	128	128	129	0.4%
DPS (CAD)	1.61	1.72	1.83	1.94	6.4%

Margin and return data	Average				
EBITDA (adj) margin (%)	41.9	45.1	47.4	49.4	45.9
EBIT (adj) margin (%)	29.7	31.2	32.3	33.1	31.6
Pre-tax (adj) margin (%)	23.4	24.3	24.4	24.5	24.1
Net (adj) margin (%)	17.2	17.8	17.9	18.0	17.7
ROIC (%)	10.0	9.7	9.6	9.3	9.6
ROA (%)	4.0	4.0	3.9	3.8	3.9
ROE (%)	15.1	15.1	14.9	14.4	14.9

Balance sheet and cash flow (CADmn)	CAGR				
Net PP&E	9,470	10,892	12,352	13,759	13.3%
Total net assets	11,696	12,918	14,225	15,638	10.2%
Capital employed	8,916	10,109	11,375	12,750	12.7%
Shareholders' equity	3,119	3,412	3,753	4,103	9.6%
Net debt/(funds)	4,117	5,300	6,450	7,459	21.9%
Cash flow from operations	1,352	918	1,028	1,136	-5.6%
Capital expenditure	-1,366	-2,032	-2,153	-2,174	N/A
Free cash flow	-736	-1,301	-1,319	-1,249	N/A
Pre-dividend FCF	-530	-1,081	-1,084	-998	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	20.4	18.6	17.2	16.4	18.1
EV/EBITDA (adj) (x)	10.9	10.5	10.0	9.7	10.3
EV/EBIT (adj) (x)	15.4	15.2	14.7	14.4	14.9
P/BV (x)	3.1	2.8	2.6	2.4	2.7
Dividend yield (%)	2.1	2.3	2.4	2.6	2.4
Total debt/capital (%)	53.1	55.7	57.4	58.5	56.2
Net debt/EBITDA (adj) (x)	N/A	N/A	N/A	N/A	N/A

Selected operating metrics	2011A	2012E	2013E	2014E
Payout ratio (%)	43.6	42.7	42.0	42.3
Interest cover (x)	5.1	5.0	4.7	4.6
Regulated (%)	66.0	61.6	59.6	58.8

Price (24-Jan-2013) **CAD 75.08**
 Price Target **CAD 74.00**

Why Equal Weight? We are Equal Weight as we see opportunities in investment for electric and gas transmission and potential for economic growth offset by the potential for continued slow recovery, capital at risk related to pipeline transmission projects, and rate case risk.

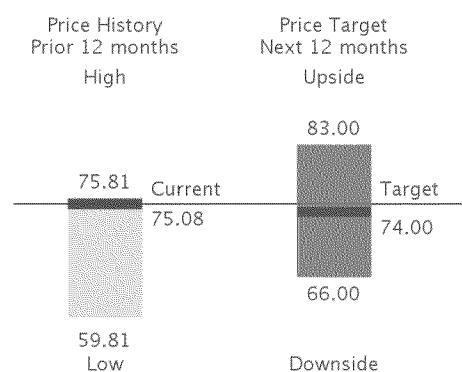
Upside case **CAD 83.00**

Increasing top line sales growth by 1% per year, expanding both U.K. and Alberta spark spreads by \$3/MWh and £3/MWh respectively, and valuing shares using a 25% premium to US regulated utilities indicates a valuation of \$83.

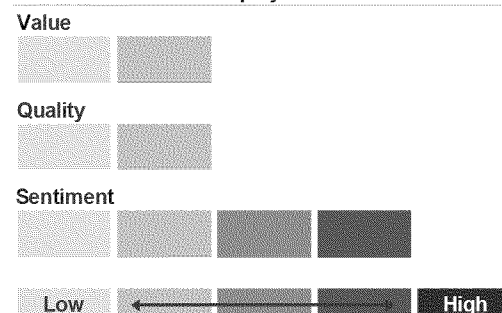
Downside case **CAD 66.00**

Decreasing top line sales growth by 1% per year, compressing both U.K. and Alberta spark spreads by \$3/MWh and £3/MWh respectively, and valuing shares using a 15% premium to US regulated utilities indicates a \$66 valuation.

Upside/Downside scenarios



POINT® Quantitative Equity Scores



Source: POINT. The scores are valid as of the date of this report and are independent of the fundamental analysts' views. To view the latest scores, click here.

Source: Company data, Barclays Research
 Note: FY End Dec

North America Utilities	Industry View: POSITIVE
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CenterPoint Energy Inc. (CNP)

Stock Rating: EQUAL WEIGHT

Income statement (\$mn)	2011A	2012E	2013E	2014E	CAGR
EBITDA (adj)	2,184	1,712	1,801	1,851	-5.4%
EBIT (adj)	1,298	1,115	1,189	1,225	-1.9%
Pre-tax income (adj)	1,174	796	890	946	-7.0%
Net income (adj)	1,357	517	578	613	-23.3%
EPS (adj) (\$)	1.19	1.20	1.33	1.41	5.6%
Diluted shares (mn)	428.7	430.5	433.3	435.9	0.6%
DPS (\$)	0.79	0.79	0.79	0.84	2.2%

Margin and return data	Average				
EBITDA (adj) margin (%)	25.8	21.7	21.9	21.8	22.8
EBIT (adj) margin (%)	15.4	14.1	14.4	14.4	14.6
Pre-tax (adj) margin (%)	13.9	10.1	10.8	11.1	11.5
Net (adj) margin (%)	16.1	6.5	7.0	7.2	9.2
ROIC (%)	7.8	7.3	7.5	7.4	7.5
ROA (%)	3.9	3.0	3.2	3.2	3.3
ROE (%)	32.1	11.6	12.2	12.1	17.0

Balance sheet and cash flow (\$mn)	CAGR				
Net PP&E	12,402	13,068	13,593	14,063	4.3%
Total net assets	21,703	24,077	24,372	24,477	4.1%
Capital employed	10,911	9,919	10,350	10,726	-0.6%
Shareholders' equity	4,222	4,459	4,754	5,059	6.2%
Net debt/(funds)	6,689	5,460	5,596	5,667	-5.4%
Cash flow from operations	1,888	1,258	1,334	1,382	-9.9%
Capital expenditure	-1,303	-1,263	-1,137	-1,096	N/A
Free cash flow	2,854	2,181	2,128	2,111	-9.6%
Pre-dividend FCF	3,191	2,521	2,471	2,478	-8.1%

Valuation and leverage metrics	Average				
P/E (adj) (x)	17.0	16.9	15.2	14.4	15.9
EV/EBITDA (adj) (x)	7.0	8.2	7.9	7.7	7.7
EV/EBIT (adj) (x)	11.8	12.7	12.0	11.7	12.0
P/BV (x)	2.1	2.0	1.8	1.7	1.9
Dividend yield (%)	3.9	3.9	3.9	4.2	4.0
Total debt/capital (%)	30.8	22.7	23.0	23.2	24.9
Net debt/EBITDA (adj) (x)	3.1	3.2	3.1	3.1	3.1

Selected operating metrics	2011A	2012E	2013E	2014E
Payout ratio (%)	66.2	65.8	59.3	60.0
Interest cover (x)	2.8	2.7	3.0	3.2
Regulated (%)	84.5	76.8	75.1	75.4

Price (24-Jan-2013) **USD 20.24**
 Price Target **USD 21.00**

Why Equal Weight? Although the company has a large amount of cash, we believe the current valuation largely reflects these future benefits and there continues to be reinvestment risk.

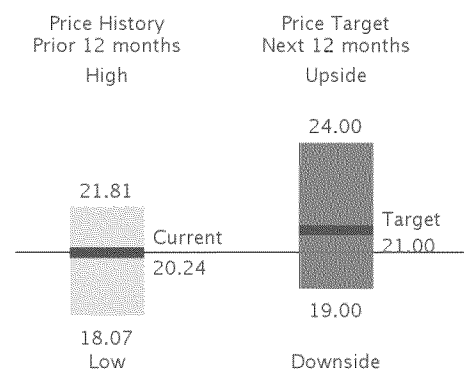
Upside case **USD 24.00**

Our upside case assumes that CNP's regulated operations trade at a 5% premium to the broad utility group and the company executes an MLP (\$3/sh upside).

Downside case **USD 19.00**

Our downside case assumes that CNP's consolidated earnings pro-forma for use of cash trade in line with the broad utility group.

Upside/Downside scenarios



POINT® Quantitative Equity Scores

Value



Quality



Sentiment



Low ← → High

Source: POINT. The scores are valid as of the date of this report and are independent of the fundamental analysts' views. To view the latest scores, click here.

Source: Company data, Barclays Research
 Note: FY End Dec

North America Utilities

Industry View: POSITIVE

Great Plains Energy Inc. (GXP)

Stock Rating: EQUAL WEIGHT

Income statement (\$mn)	2011A	2012E	2013E	2014E	CAGR
EBITDA (adj)	753	765	845	877	5.2%
EBIT (adj)	480	498	571	598	7.6%
Pre-tax income (adj)	259	300	369	396	15.2%
Net income (adj)	173	194	242	255	13.9%
EPS (adj) (\$)	1.25	1.31	1.55	1.63	9.4%
Diluted shares (mn)	138.7	147.8	156.3	156.3	4.1%
DPS (\$)	0.83	0.85	0.85	0.85	0.8%

Margin and return data	Average				
EBITDA (adj) margin (%)	32.5	33.5	35.3	36.1	34.3
EBIT (adj) margin (%)	20.7	21.8	23.8	24.6	22.7
Pre-tax (adj) margin (%)	11.2	13.1	15.4	16.3	14.0
Net (adj) margin (%)	7.5	8.5	10.1	10.5	9.1
ROIC (%)	4.9	4.8	5.3	5.3	5.1
ROA (%)	3.5	3.4	3.8	3.7	3.6
ROE (%)	5.8	5.9	7.1	7.2	6.5

Balance sheet and cash flow (\$mn)	CAGR				
Net PP&E	7,054	7,417	7,889	8,222	5.2%
Total net assets	9,118	9,515	9,987	10,397	4.5%
Capital employed	6,594	6,763	7,128	7,354	3.7%
Shareholders' equity	2,960	3,306	3,415	3,538	6.1%
Net debt/(funds)	3,634	3,457	3,713	3,817	1.6%
Cash flow from operations	443	658	634	657	14.1%
Capital expenditure	-457	-630	-746	-612	N/A
Free cash flow	-129	-98	-246	-88	N/A
Pre-dividend FCF	-14	28	-113	45	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	16.8	16.0	13.5	12.8	14.8
EV/EBITDA (adj) (x)	8.7	8.3	7.8	7.7	8.1
EV/EBIT (adj) (x)	13.6	12.8	11.6	11.2	12.3
P/BV (x)	1.0	0.9	1.0	0.9	0.9
Dividend yield (%)	4.0	4.1	4.1	4.1	4.0
Total debt/capital (%)	39.9	36.3	37.2	36.7	37.5
Net debt/EBITDA (adj) (x)	4.8	4.5	4.4	4.4	4.5

Selected operating metrics	2011A	2012E	2013E	2014E
Payout ratio (%)	66.6	64.9	55.0	52.1
Interest cover (x)	2.2	2.7	3.0	3.0
Regulated (%)	100.0	100.0	100.0	100.0

Price (24-Jan-2013) **USD 20.92**
 Price Target **USD 22.00**

Why Equal Weight? We are Equal Weight on GXP while some risks over the last year have decreased with the completion of the latan 2 coal plant, regulatory risks from pending rate cases persist.

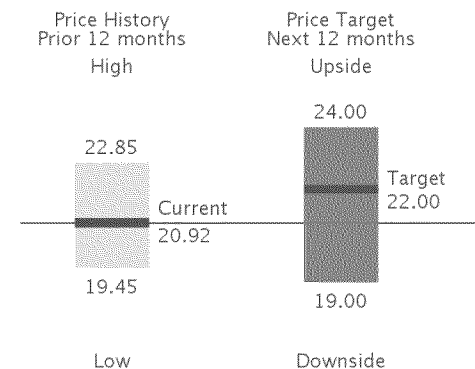
Upside case **USD 24.00**

For our upside case we assume GXP trades at a 5% premium to the regulated group multiple as investors become comfortable with the company's main jurisdictions and assign a premium to mid-cap utilities.

Downside case **USD 19.00**

For our downside case we assume GXP trades at a 15% discount to the regulated group multiple as the company is unable to overcome uncertainty related to rate cases and regulatory lag.

Upside / Downside scenarios



POINT® Quantitative Equity Scores

Value



Quality



Sentiment



Low ← → High

Source: POINT. The scores are valid as of the date of this report and are independent of the fundamental analysts' views. To view the latest scores, click here.

Source: Company data, Barclays Research
 Note: FY End Dec

North America Utilities

Industry View: POSITIVE

OGE Energy Corp. (OGE)

Stock Rating: OVERWEIGHT

Income statement (\$mn)	2011A	2012E	2013E	2014E	CAGR
EBITDA (adj)	955	1,002	1,062	1,098	4.8%
EBIT (adj)	648	674	715	741	4.6%
Pre-tax income (adj)	492	511	549	578	5.5%
Net income (adj)	343	355	382	402	5.5%
EPS (adj) (\$)	3.45	3.57	3.83	4.02	5.2%
Diluted shares (mn)	99	100	100	100	0.3%
DPS (\$)	1.50	1.57	1.62	1.67	3.6%

Margin and return data	Average				
EBITDA (adj) margin (%)	23.7	23.7	23.7	23.7	23.7
EBIT (adj) margin (%)	16.1	16.0	16.0	16.0	16.0
Pre-tax (adj) margin (%)	12.2	12.1	12.3	12.5	12.3
Net (adj) margin (%)	8.5	8.4	8.5	8.7	8.5
ROIC (%)	12.2	12.1	12.2	12.4	12.2
ROA (%)	3.8	3.7	3.7	3.8	3.8
ROE (%)	13.4	12.7	12.5	12.1	12.7

Balance sheet and cash flow (\$mn)	CAGR				
Net PP&E	7,474	8,166	8,775	9,128	6.9%
Total net assets	8,906	9,615	10,241	10,612	6.0%
Capital employed	5,300	5,558	5,864	5,989	4.2%
Shareholders' equity	2,563	2,796	3,052	3,323	9.0%
Net debt/(funds)	3,010	3,035	3,085	2,938	-0.8%
Cash flow from operations	834	851	896	927	3.6%
Capital expenditure	-1,471	-1,020	-955	-710	N/A
Free cash flow	-709	-325	-220	51	N/A
Pre-dividend FCF	-562	-169	-59	217	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	16.7	16.1	15.0	14.3	15.5
EV/EBITDA (adj) (x)	9.1	8.7	8.3	7.9	8.5
EV/EBIT (adj) (x)	13.5	13.0	12.3	11.7	12.6
P/BV (x)	2.2	2.1	1.9	1.7	2.0
Dividend yield (%)	2.6	2.7	2.8	2.9	2.8
Total debt/capital (%)	56.9	54.7	52.7	49.1	53.3
Net debt/EBITDA (adj) (x)	3.2	3.0	2.9	2.7	2.9

Selected operating metrics	2011A	2012E	2013E	2014E
Payout ratio (%)	43.4	44.0	42.2	41.4
Interest cover (x)	6.1	6.1	6.4	6.7
Regulated (%)	76.9	78.5	78.1	79.8

Price (24-Jan-2013) USD 57.64
Price Target USD 63.00

Why Overweight? We rate OGE OW for its combination of a top-performing regulated utility that offers compelling rate base growth and constructive regulation, with a rapidly expanding mid-stream gas pipeline business, Enogex.

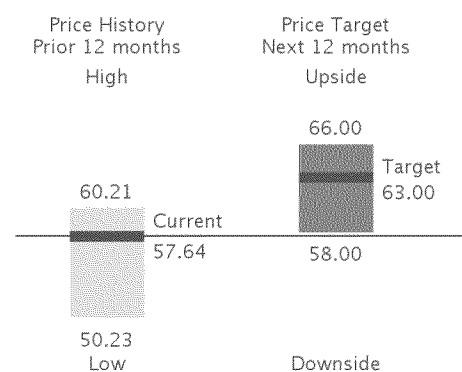
Upside case USD 66.00

Our upside case factors in a 5% utility premium attributed to rate case resolution and expanded environmental capex and continuing growth and expansion at Enogex, applying a 9.5x EV/EBITDA multiple vs. our 9.0x multiple.

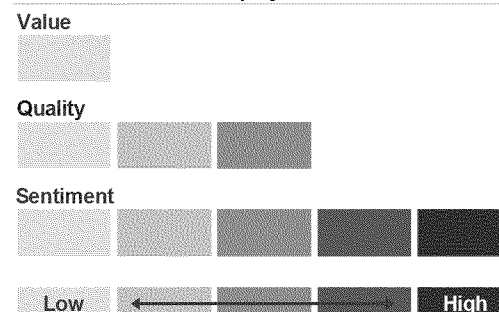
Downside case USD 58.00

Our downside case factors in a 5% group discount at the utility should a negative rate outcome occur, and an 8.5x multiple vs. our 9.5x applied on '13 EV/EBITDA at Enogex, which translates to \$3 downside due to lower volume growth.

Upside/Downside scenarios



POINT® Quantitative Equity Scores



Source: POINT. The scores are valid as of the date of this report and are independent of the fundamental analysts' views. To view the latest scores, click here.

Source: Company data, Barclays Research
Note: FY End Dec

North America Utilities

Industry View: POSITIVE

PG&E Corp (PCG)

Stock Rating: EQUAL WEIGHT

Income statement (\$mn)	2011A	2012E	2013E	2014E	CAGR
EBITDA (adj)	4,157	3,515	4,522	5,154	7.4%
EBIT (adj)	1,942	1,166	2,029	2,514	9.0%
Pre-tax income (adj)	1,878	1,487	1,631	2,029	2.6%
Net income (adj)	1,438	1,345	1,232	1,490	1.2%
EPS (adj) (\$)	3.58	3.20	2.80	3.20	-3.6%
Diluted shares (mn)	402	420	440	465	5.0%
DPS (\$)	1.82	1.82	1.82	1.93	2.0%

Margin and return data	Average				
EBITDA (adj) margin (%)	27.8	22.7	28.5	31.6	27.6
EBIT (adj) margin (%)	13.0	7.5	12.8	15.4	12.2
Pre-tax (adj) margin (%)	12.6	9.6	10.3	12.4	11.2
Net (adj) margin (%)	9.6	8.7	7.8	9.1	8.8
ROIC (%)	7.6	4.1	6.6	7.5	6.5
ROA (%)	2.9	2.6	2.3	2.6	2.6
ROE (%)	11.9	10.9	9.2	10.1	10.5

Balance sheet and cash flow (\$mn)	CAGR				
Net PP&E	33,655	36,006	38,514	41,073	6.9%
Total net assets	49,750	52,015	54,560	57,377	4.9%
Capital employed	25,514	28,212	30,775	33,616	9.6%
Shareholders' equity	12,101	12,299	13,412	14,702	6.7%
Net debt/(funds)	12,900	15,831	17,240	18,616	13.0%
Cash flow from operations	3,826	2,306	3,292	3,620	-1.8%
Capital expenditure	-4,125	-4,700	-5,000	-5,200	N/A
Free cash flow	-1,003	-3,159	-2,509	-2,477	N/A
Pre-dividend FCF	-299	-2,394	-1,708	-1,580	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	11.6	13.0	14.8	13.0	13.1
EV/EBITDA (adj) (x)	7.4	9.6	7.8	7.1	8.0
EV/EBIT (adj) (x)	15.8	28.9	17.3	14.5	19.1
P/BV (x)	1.4	1.4	1.4	1.3	1.4
Dividend yield (%)	4.4	4.4	4.4	4.6	4.5
Total debt/capital (%)	52.6	56.4	56.4	56.3	55.4
Net debt/EBITDA (adj) (x)	3.1	4.5	3.8	3.6	3.8

Selected operating metrics	2011A	2012E	2013E	2014E
Payout ratio (%)	50.9	56.9	65.0	60.2
Interest cover (x)	5.9	4.4	5.0	5.3
Regulated (%)	N/A	N/A	N/A	N/A

Price (24-Jan-2013) USD 41.51
Price Target USD 45.00

Why Equal Weight? We remain Equal Weight as we continue to see headwinds to the story related to resolution of regulatory matters related to the San Bruno accident. These regulatory matters could now potentially stretch beyond the end of the year, which delays any clarity around potential outcomes.

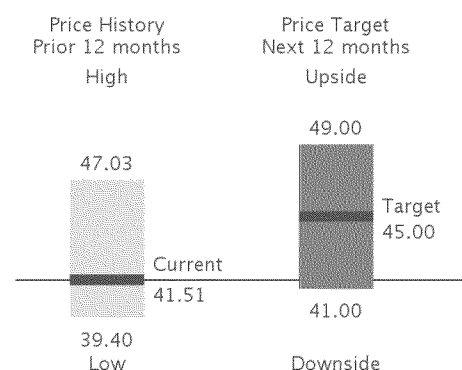
Upside case USD 49.00

A 10.75% ROE, 1.5% higher rate base growth, full returns earned on PSEP spending, \$100m lower equity need in '13 related to lower pipeline spending, and a 50bp lower growth in base O&M lead to an indicative valuation of \$49/share.

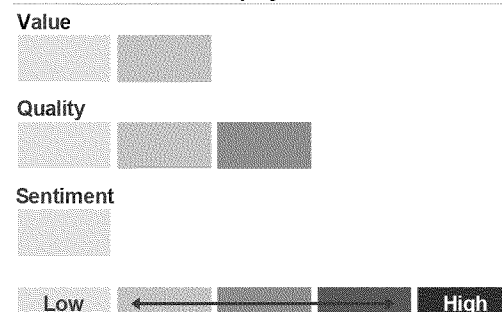
Downside case USD 41.00

A 10% ROE, 1.5% lower rate base growth, \$100m higher equity need in '13 related to higher pipeline spending, and a 50bp higher rate of growth in base O&M lead to an indicative valuation of \$41/share.

Upside/Downside scenarios



POINT® Quantitative Equity Scores



Source: POINT. The scores are valid as of the date of this report and are independent of the fundamental analysts' views. To view the latest scores, click here.

Source: Company data, Barclays Research
Note: FY End Dec

U.S. Power

Industry View: NEUTRAL

Public Service Enterprise Gp (PEG)

Stock Rating: EQUAL WEIGHT

Income statement (\$mn)	2011A	2012E	2013E	2014E	CAGR
EBITDA (adj)	3,718	3,542	3,405	3,481	-2.2%
EBIT (adj)	2,742	2,572	2,427	2,503	-3.0%
Pre-tax income (adj)	2,367	2,001	1,853	1,911	-6.9%
Net income (adj)	1,390	1,241	1,149	1,185	-5.2%
EPS (adj) (\$)	2.74	2.45	2.27	2.34	-5.2%
Diluted shares (mn)	507.0	507.0	507.0	507.0	0.0%
DPS (\$)	1.37	1.42	1.45	1.48	2.5%

Margin and return data	Average				
EBITDA (adj) margin (%)	33.6	29.2	27.9	28.0	29.6
EBIT (adj) margin (%)	24.7	21.2	19.9	20.1	21.5
Pre-tax (adj) margin (%)	21.4	16.5	15.2	15.4	17.1
Net (adj) margin (%)	12.5	10.2	9.4	9.5	10.4
ROIC (%)	14.9	13.3	11.9	12.0	13.0
ROA (%)	4.7	4.0	3.6	3.6	4.0
ROE (%)	13.5	11.7	10.4	10.3	11.5

Balance sheet and cash flow (\$mn)	CAGR				
Net PP&E	17,849	19,229	20,890	21,838	7.0%
Total net assets	29,821	30,691	32,057	32,931	3.4%
Capital employed	18,366	19,328	20,393	20,843	4.3%
Shareholders' equity	10,272	10,618	11,032	11,469	3.7%
Net debt/(funds)	7,260	7,935	8,872	8,958	7.3%
Cash flow from operations	3,557	2,587	2,137	2,163	-15.3%
Capital expenditure	2,083	2,350	2,640	1,925	-2.6%
Free cash flow	1,268	20	-729	12	-78.8%
Pre-dividend FCF	1,474	237	-503	238	-45.5%

Valuation and leverage metrics	Average				
P/E (adj) (x)	11.0	12.4	13.4	13.0	12.4
EV/EBITDA (adj) (x)	6.1	6.6	7.1	7.0	6.7
EV/EBIT (adj) (x)	8.2	9.1	10.0	9.7	9.2
P/BV (x)	1.5	1.4	1.4	1.3	1.4
Dividend yield (%)	4.5	4.7	4.8	4.9	4.7
Total debt/capital (%)	44.1	45.1	45.9	45.0	45.0
Net debt/EBITDA (adj) (x)	2.0	2.2	2.6	2.6	2.3

Selected operating metrics	2011A	2012E	2013E	2014E
Payout ratio (%)	50.0	58.0	63.9	63.2
Interest cover (x)	5.8	5.1	4.8	4.7
Regulated (%)	37.5	44.7	53.3	57.9

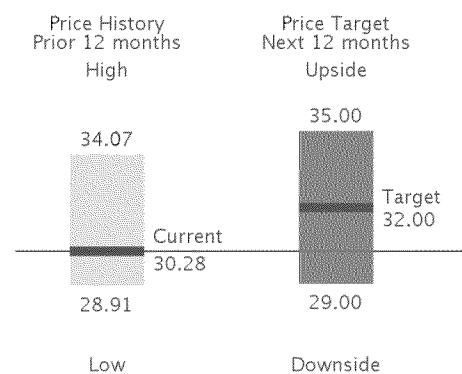
Price (24-Jan-2013) **USD 30.28**
 Price Target **USD 32.00**

Why Equal Weight? Three positives for PEG are: 1) Ability to operate in the NJ regulatory environment and grow regulated earnings attractively; 2) PSEG Power assets in the relatively tight PJM East zone called PS North; and 3) A strong balance sheet at 60% equity. We believe the stock is fairly valued.

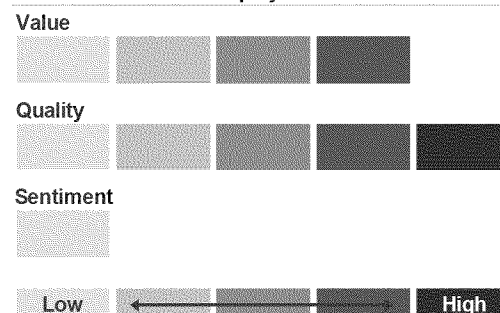
Upside case **USD 35.00**
 The upside case would reflect a premium 8x EBITDA multiple for the balance sheet and attractive NJ location. This would be 8x Open EBITDA of \$3.3B less net debt and hedge NPV of \$8.9B and 507M shares.

Downside case **USD 29.00**
 The downside case assumes continued focus on low commodity prices and a mid-cycle 7.1x EBITDA multiple. This would be 7.1x Open EBITDA of \$3.3B less net debt and hedge NPV of \$8.9B and 507M shares.

Upside/Downside scenarios



POINT® Quantitative Equity Scores



Source: POINT. The scores are valid as of the date of this report and are independent of the fundamental analysts' views. To view the latest scores, click here.

Source: Company data, Barclays Research
 Note: FY End Dec

U.S. Power

Industry View: NEUTRAL

PPL Corporation (PPL)

Stock Rating: EQUAL WEIGHT

Income statement (\$mn)	2011A	2012E	2013E	2014E	CAGR
EBITDA (adj)	3,777	3,968	4,180	4,216	3.7%
EBIT (adj)	2,817	2,909	3,054	3,009	2.2%
Pre-tax income (adj)	1,923	2,057	2,130	2,081	2.7%
Net income (adj)	1,232	1,401	1,454	1,452	5.6%
EPS (adj) (\$)	2.24	2.39	2.37	2.20	-0.5%
Diluted shares (mn)	551.0	586.0	614.0	659.7	6.2%
DPS (\$)	1.40	1.44	1.44	1.44	0.9%

Margin and return data	Average				
EBITDA (adj) margin (%)	33.3	33.9	34.2	34.3	33.9
EBIT (adj) margin (%)	24.9	24.8	25.0	24.5	24.8
Pre-tax (adj) margin (%)	17.0	17.6	17.4	16.9	17.2
Net (adj) margin (%)	10.9	12.0	11.9	11.8	11.6
ROIC (%)	6.4	6.8	6.5	6.1	6.5
ROA (%)	4.2	4.5	4.4	4.2	4.3
ROE (%)	11.4	12.2	11.0	9.9	11.1

Balance sheet and cash flow (\$mn)	CAGR				
Net PP&E	27,266	29,487	32,241	34,715	8.4%
Total net assets	42,648	44,421	47,763	50,535	5.8%
Capital employed	28,197	29,140	31,894	34,367	6.8%
Shareholders' equity	10,828	11,485	13,205	14,685	10.7%
Net debt/(funds)	17,369	17,654	18,688	19,682	4.3%
Cash flow from operations	2,507	3,400	2,800	2,879	4.7%
Capital expenditure	-2,487	-3,500	-4,100	-3,900	N/A
Free cash flow	-726	-944	-2,184	-1,971	N/A
Pre-dividend FCF	20	-100	-1,300	-1,021	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	13.2	12.3	12.5	13.4	12.8
EV/EBITDA (adj) (x)	9.1	8.8	8.6	8.7	8.8
EV/EBIT (adj) (x)	12.3	12.0	11.7	12.2	12.1
P/BV (x)	1.5	1.5	1.4	1.3	1.4
Dividend yield (%)	4.7	4.9	4.9	4.9	4.8
Total debt/capital (%)	40.7	39.7	39.1	38.9	39.6
Net debt/EBITDA (adj) (x)	4.6	4.4	4.5	4.7	4.5

Selected operating metrics	2011A	2012E	2013E	2014E
Payout ratio (%)	62.6	60.2	60.8	65.4
Interest cover (x)	3.1	3.3	3.2	3.1
Regulated (%)	58.0	71.9	83.3	97.9

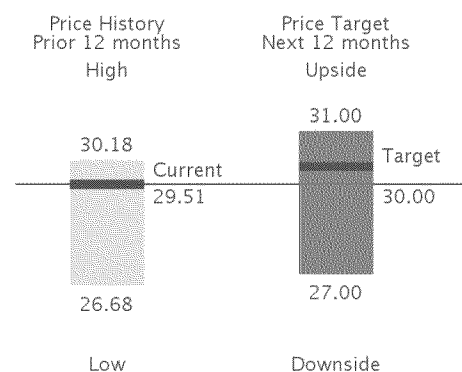
Price (24-Jan-2013) **USD 29.51**
 Price Target **USD 30.00**

Why Equal Weight? We like PPL's more regulated business mix and generally its corporate position in regulated operations and in tighter PJM East power markets. We also like the company's strong dividend yield. However, we see limited upside currently.

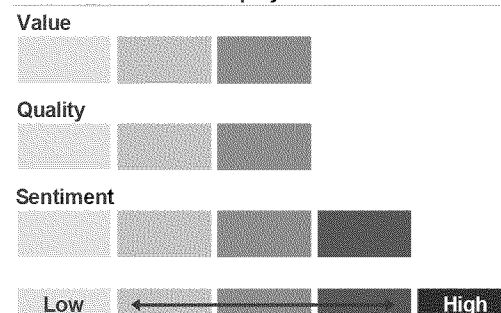
Upside case **USD 31.00**
 The upside case is a regulated 2014 P/E multiple of 13.9x our \$2.20 EPS estimate.

Downside case **USD 27.00**
 A 5% integrated utility P/E discount of 12.4x our 2014 EPS estimate of \$2.20.

Upside/Downside scenarios



POINT® Quantitative Equity Scores



Source: POINT. The scores are valid as of the date of this report and are independent of the fundamental analysts' views. To view the latest scores, click here.

Source: Company data, Barclays Research
 Note: FY End Dec

North America Utilities	Industry View: POSITIVE
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Pinnacle West Capital (PNW)Stock Rating: **EQUAL WEIGHT**

Income statement (\$mn)	2011A	2012E	2013E	2014E	CAGR
EBITDA (adj)	1,191	1,244	1,310	1,382	5.1%
EBIT (adj)	764	823	854	888	5.1%
Pre-tax income (adj)	542	602	620	664	7.0%
Net income (adj)	359	401	415	447	7.6%
EPS (adj) (\$)	2.99	3.43	3.56	3.72	7.5%
Diluted shares (mn)	110	110	110	113	1.1%
DPS (\$)	2.10	2.10	2.18	2.20	1.6%

Price (24-Jan-2013) USD 53.10
Price Target USD 54.00

Why Equal Weight? We rate PNW Equal Weight based on current relative value within our regulated utility group. Strengths include service territory, an improving regulatory jurisdiction, and relative yield. Challenges include managing costs in a potential long-term rate plan and future equity requirements.

Margin and return data	Average				
EBITDA (adj) margin (%)	36.8	37.5	38.6	39.8	38.2
EBIT (adj) margin (%)	23.6	24.8	25.2	25.6	24.8
Pre-tax (adj) margin (%)	16.7	18.2	18.3	19.1	18.1
Net (adj) margin (%)	11.1	12.1	12.2	12.9	12.1
ROIC (%)	10.5	10.5	10.4	9.8	10.3
ROA (%)	2.7	2.9	2.9	3.0	2.9
ROE (%)	9.4	10.1	10.0	9.6	9.8

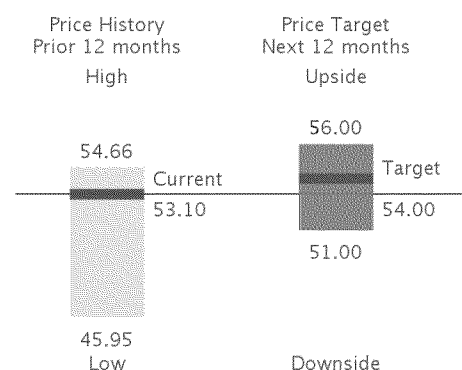
Upside case USD 56.00

A 5% premium to the group P/E multiple attributed to potential transparency and reduced regulatory risk associated with a long-term regulatory plan results in \$2 upside.

Downside case USD 51.00

Slowed economic recovery, lower sales growth or cost recovery constraints associated with a long-term rate plan may result in a 5% discount to the group which translates to \$3 downside.

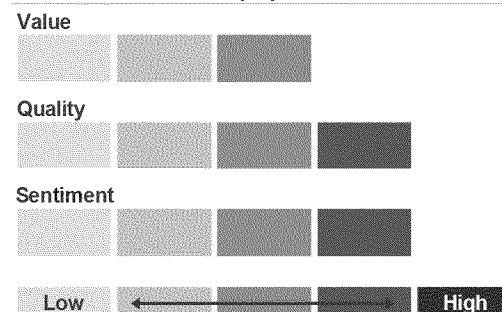
Balance sheet and cash flow (\$mn)	CAGR				
Net PP&E	9,044	9,800	10,370	11,045	6.9%
Total net assets	13,111	13,905	14,296	15,114	4.9%
Capital employed	7,267	7,827	8,235	9,066	7.6%
Shareholders' equity	3,821	3,981	4,139	4,668	6.9%
Net debt/(funds)	3,412	3,585	4,105	4,365	8.6%
Cash flow from operations	1,125	1,311	809	874	-8.1%
Capital expenditure	-841	-1,177	-1,025	-1,169	N/A
Free cash flow	-203	-597	-412	-503	N/A
Pre-dividend FCF	19	-366	-172	-253	N/A

Upside / Downside scenarios

Valuation and leverage metrics	Average				
P/E (adj) (x)	17.8	15.5	14.9	14.3	15.6
EV/EBITDA (adj) (x)	7.7	7.5	7.6	7.4	7.6
EV/EBIT (adj) (x)	12.1	11.4	11.6	11.4	11.6
P/BV (x)	1.5	1.5	1.4	1.3	1.4
Dividend yield (%)	4.0	4.0	4.1	4.1	4.0
Total debt/capital (%)	47.4	49.1	49.7	48.5	48.7
Net debt/EBITDA (adj) (x)	2.9	2.9	3.1	3.2	3.0

Selected operating metrics

Payout ratio (%)	70.3	61.2	61.3	59.2
Interest cover (x)	5.3	5.4	5.2	5.5
Regulated (%)	100.0	100.0	100.0	100.0

POINT® Quantitative Equity Scores

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Source: Company data, Barclays Research
 Note: FY End Dec

Valuation Methodology and Risks

North America Utilities

Alliant Energy (LNT)

Valuation Methodology: Our \$50 price target is predicated on '14E EPS of \$3.35, including \$3.07 at the utility/unregulated businesses on a 14.6X regulated group multiple equating to \$45, plus \$0.28 at ATC on a '14E comparable group multiple of 17.2X equating to \$5.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks to the outlook include utility regulation; execution of its renewable generation expansion program; commodity prices; and interest rates.

American Electric Power (AEP)

Valuation Methodology: Our price target is \$47, which reflects a regulated group utility multiple of 14.5x our 2014 EPS estimate of \$3.25.

Risks which May Impede the Achievement of the Barclays Research Price Target: Key risks include wholesale commodity prices, state and federal regulation, interest rates, and asset sale execution.

Aqua America (WTR)

Valuation Methodology: Our \$25 price target is derived from applying a 10% premium to the water group multiple of 19.4x to our \$1.28 2014 earnings estimate.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks to WTR include an inability to maintain cost control, sub-par regulatory results from pending and future rate cases, and a slowdown in acquisition activity that would impact sales growth potential.

Canadian Utilities Ltd. (CU.CN / CU.TO)

Valuation Methodology: Our price target of \$74 is premised upon a sum of the parts valuation. This valuation uses a 20% premium to the 2014 US regulated utility multiple of 14.4x our Canadian utility operations '14E EPS of \$2.00, our Australian utility operations '14E EPS of \$0.30 and our other segment '14E EPS of \$0.40. We value the midstream operations using a comp group '14E multiple of 17.2x our '14E midstream EPS of \$0.14. For power we use the US comparable power '14E EPS multiple of 14.4x '14E non-contracted power EPS of \$0.56, and the US regulated utility multiple of 14.6x '14E contracted power EPS of \$1.19.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks include economic growth in Alberta and Western Australia, execution risks related to capital deployment, levels of the demand for power in the UK and Alberta and their impact on spark spreads, and the Alberta regulatory environment.

CenterPoint Energy Inc. (CNP)

Valuation Methodology: Our \$21 PT is premised on our pro-forma '14E EPS for use of proceeds of \$1.46 and the group's '14 multiple of 13.8x at a 5% premium for the company's gassy mix.

Risks which May Impede the Achievement of the Barclays Research Price Target: Primary risks are regulatory decisions, commodity price fluctuations, project execution, and demand for gas infrastructure.

CMS Energy (CMS)

Valuation Methodology: Our current price target of \$27 is premised upon a 5% premium to the '14E regulated utility multiple of 14.7x our '14E EPS of \$1.72E.

Risks which May Impede the Achievement of the Barclays Research Price Target: CMS Energy faces risk from Michigan utility regulation, commodity prices, and interest rates.

Consolidated Edison (ED)

Valuation Methodology: Our \$59 price target is premised on '14E EPS of \$3.88 with a 5% large-cap premium on a 13.9X utility group multiple.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks to the outlook include the outcome of regulatory proceedings, rating agency actions, interest rates, and access to the capital markets.

Dominion Resources (D)

Valuation Methodology: Our price target of \$58 is based on a regulated 15% premium P/E multiple for quality of regulation, business mix, and location of 16.3x our 2014 estimate of \$3.55.

Risks which May Impede the Achievement of the Barclays Research Price Target: Dominion is exposed to the electricity, natural gas, and oil commodity markets which can create earnings volatility.

Great Plains Energy Inc. (GXP)

Valuation Methodology: Our \$22 PT is based on our '14 EPS estimate of \$1.63 at a 5% discount for regulatory risk to the group's 13.9x multiple.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks to the outlook include the outcome of regulatory proceedings, construction risk, rating agency actions, interest rates, and access to the capital markets.

Hawaiian Electric Inds (HE)

Valuation Methodology: Our \$25 price target is predicated on '14E EPS of \$1.80, comprised of \$1.42 at the utility less 50% of Hold Co. costs of (\$0.11)E on a 13.7X group multiple, equating to \$18, plus \$7 for ASB premised on a 13.1X small-cap bank forward PE multiple on \$0.60E less Hold Co. costs.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks to the outlook include wholesale commodity prices, generation development market conditions, the outcome of regulatory proceedings, rating agency actions, interest rates, access to the capital

Valuation Methodology and Risks

markets and sustainability of the dividend.

Northeast Utilities (NU)

Valuation Methodology: Our \$45 price target is predicated on '14E EPS of \$2.77, comprised of \$0.97E transmission on a 17.2x comparable multiple, equating to \$17, plus \$28 for the distribution business, premised on '14E of \$1.80 on a 14.3x regulated group, with a 10% large-cap, high-quality premium.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risk factors include changes to prevailing local, state and federal governmental policies and regulatory actions with respect to allowed rates of return, rate structure, continued recovery of regulatory assets and energy costs, financings, changes in tax laws and policies, and changes in compliance with environmental and safety laws and policies among other risks.

NV Energy, Inc. (NVE)

Valuation Methodology: Our price target of \$20 is premised upon the '14E group regulated utility multiple of 15.2x our '14E eps of \$1.35E.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks to the outlook include wholesale commodity prices, generation development market conditions, the outcome of regulatory proceedings, rating agency actions, interest rates, and access to the capital markets.

OGE Energy Corp. (OGE)

Valuation Methodology: Our \$63 price target is predicated on consolidated '14E of \$4.02 and consisting of '14E of \$3.20 at the utility, less (\$0.03) at Holding Co. on a 14.4X regulated group PE multiple, resulting in \$46/sh, plus \$17/sh for ENOGEX, predicated on an assumed 81% ownership on an EV/EBITDA of \$2,123 million on a 9.0X comparable multiple.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks include general economic conditions, including the availability of credit, access to existing lines of credit, actions of rating agencies and their impact on capital expenditures; the company's ability and the ability of its subsidiaries to access the capital markets and obtain financing; prices and availability of electricity, coal, natural gas and natural gas liquids, each on a stand-alone basis and in relation to each other; business conditions in the energy and natural gas midstream industries; competitive factors including the extent and timing of the entry of additional competition in the markets served by the company; unusual weather; availability and prices of raw materials for current and future construction projects; federal or state legislation and regulatory decisions and initiatives that affect cost and investment recovery, have an impact on rate structures or affect the speed and degree to which competition enters the company's markets; environmental laws and regulations that may impact the company's operations; changes in accounting standards, rules or guidelines.

Pepco Holdings (POM)

Valuation Methodology: Our \$19 PT is premised on a 2014 utility P/E multiple of 13.9x our \$1.33 EPS estimate.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks to the outlook include wholesale commodity prices, generation development market conditions, the outcome of regulatory proceedings, rating agency actions, interest rates, and access to the capital markets.

PG&E Corp. (PCG)

Valuation Methodology: Our price target of \$45 is premised upon the current regulated utility multiple of 14.5x our 2014E EPS of \$3.14E.

Risks which May Impede the Achievement of the Barclays Research Price Target: Key risks include California and Federal regulation, rating agency actions, interest rates and access to capital markets.

Pinnacle West Capital (PNW)

Valuation Methodology: Our price target of \$54 is premised on '14E of \$3.72 on a 14.6X regulated group multiple.

Risks which May Impede the Achievement of the Barclays Research Price Target: Key risks are commodity prices, refinancing and interest rate risk, credit risks, Arizona state and Federal regulation.

Portland General Electric Co. (POR)

Valuation Methodology: Our \$27 price target is premised on '14E EPS of \$2.09 on a 13.7X utility group multiple discounted 5% for regulatory and execution risk.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks include federal and Oregon regulation, execution of planned infrastructure build out, hydro conditions.

Sempra Energy (SRE)

Valuation Methodology: Our \$70 PT is premised upon our consolidated '14E EPS of \$4.69 and a sum of the parts analysis, adding \$3/share for 1 train at Cameron Liquefaction at a 75% likelihood of completion. We use our EPS estimate of \$1.26 for SoCalGas with a 14.5x utility group average multiple, \$2.18 of SDG&E EPS at a 14.5x multiple, \$1.28 of Pipelines and Storage EPS with a 13.1x multiple, \$0.29 of Generation with a 13.5x integrated multiple, \$0.31 of LNG EPS with a 14.5x multiple, and \$8/share for parent drag.

Risks which May Impede the Achievement of the Barclays Research Price Target: Sempra's operations are exposed to unexpected changes in federal and state regulation, wholesale commodity prices, and international risk.

TECO Energy (TE)

Valuation Methodology: Our \$17 price target is premised upon a 2014E P/E valuation of the various business segments excluding TECO Coal. For TECO Coal we have continued to use an EV/EBITDA methodology. There is essentially no debt at TECO Coal, and we have taken the allocated interest assigned to the TECO Coal segment and valued it in with the utility segment on a P/E basis. Our valuation is premised upon a

Valuation Methodology and Risks

14.3 multiple of core utility earnings of \$1.07; a 10% discount to a 2.0x EV/EBITDA multiple of TECO Coal's estimated '14 EBITDA of \$65.9 million. Further, we have incorporated the PV of tax benefits of approximately \$196 million - which are worth approximately \$1/share.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks include sensitivity to power prices, ratings downgrades, increased cost of capital and write-offs.

Westar Energy (WR)

Valuation Methodology: Our \$33 price target is predicated on '14 EPS of \$2.26, excluding Corporate Owned Life Insurance (COLI) proceeds, on a 13.9x regulated utility group multiple, plus \$1 for COLI, representing the NPV of the discounted projected cash flow.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks include but are not limited to utility regulation by Kansas Corporation Commission and FERC Transmission Regulation.

Wisconsin Energy (WEC)

Valuation Methodology: Our \$43 price target is predicated on '14E EPS of \$2.68; comprised of utility and PTF earnings of \$2.48E with a 10% large cap, high-quality premium on a 14.6X regulated group multiple, plus \$0.20E of American Transmission Company (ATC) earnings on a 17.5X comparable multiple.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks that could affect the company include Wisconsin regulation, FERC regulation, and interest rates.

Xcel Energy (XEL)

Valuation Methodology: We believe XEL is worth \$30, which reflects applying the regulated utility group P/E multiple with a 5% premium of 15.4x to our 2014 estimate of \$1.95.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks are interest rates, state and federal utility regulation, and access to external capital to fund capital expenditures.

U.S. Power

AES Corp. (AES)

Valuation Methodology: Our \$14 target is the average of 3 methods: \$15 for a sum of parts which includes \$2.6B in EBITDA from unlisted subs applied to a 7.1x multiple, \$6/share for listed subs, \$12B in proportional net debt (excluding listed subs) and 729M shares; \$12 for 6.5x \$3.4B in 2014 proportional EBITDA less proportional net debt of \$13.3B and 729M shares; and \$16 which is 12x \$1.32 in 2014 EPS.

Risks which May Impede the Achievement of the Barclays Research Price Target: As a global power company and electric utility, AES is exposed to merchant power risk, country risk, currency risk (particularly in South America), regulatory risk, and counterparty risk.

Ameren Corp. (AEE)

Valuation Methodology: Our \$33 target is the average of \$31 for 7.1x Open EBITDA of \$2.03B, net debt of \$6.7B including environmental cap-ex and 247M shares; \$37 for an asset-based sum of parts which includes \$33 for the utility and parent at 13.7x \$2.42 in EPS and \$4 for the merchant including \$1.8B of enterprise value; and \$30 for an integrated average utility multiple of 13.0x \$2.28 in 2014 EPS.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks to the Ameren outlook are power prices, interest rates, regulation (Missouri and Illinois), and the capital markets.

Calpine Corp. (CPN)

Valuation Methodology: Our price target is \$22/share which is the average of: \$22 for asset value which includes \$15.6B of enterprise less net debt (\$8.0B) and other items including NOL, hedges, major maintenance and operating leases of \$6.2B and 444M shares; and \$22 for 8x Open EBITDA of \$1.9B less net debt and other items mentioned above of \$6.2B. Also, both methods include \$1/share for the benefit of a \$7,500/MWhr price cap in Texas in 2014 which is 8x \$40M in EBITDA.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks for Calpine are the higher reserve margins, recession, wholesale market regulatory risk; risk of environmental mandates, and gas price.

Covanta Holding Corp. (CVA)

Valuation Methodology: Our price target of \$20 is 8x our 2014 Open EBITDA of \$518M less net debt of \$1.53B and 129M shares.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks for CVA stock include shareholder concentration, waste processing contract restructurings, trends in municipal solid waste landfill tipping fees, and environmental regulations.

FirstEnergy Corp. (FE)

Valuation Methodology: Our \$45 target which is the average of: \$45 for 12.9x our \$3.47 2014 EPS estimate; \$44/share for 7.1x Open EBITDA of \$5.3B less \$18.3B of net debt, environmental cap-ex, hedge NPV and 419M shares and \$45 for asset value which includes \$37 for the regulated utilities at a regulated average 13.8x 2014 EPS of \$2.70 and \$8 for FirstEnergy Solutions and Allegheny Energy Supply including \$10.2B of enterprise value less \$7B of net debt, leases and environmental cap-ex NPV and 419M shares.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks are an interruption in the delevering strategy from failure to close/announce asset sales, nuclear plant performance, interest rates, and the economy.

NextEra Energy (NEE)

Valuation Methodology: Our price target of \$76 is based on an average of: \$74 for 8.05x 2014 open EBITDA of \$5.7B, less a combination of net debt and hedge and wind backlog NPVs of \$14.5B; \$70 for an asset-based sum-of-parts; and \$84 for a 2014 integrated P/E multiple, with 10%

Valuation Methodology and Risks

premium for asset type and location, of 15.8x our \$5.31 earnings estimate.

Risks which May Impede the Achievement of the Barclays Research Price Target: NextEra Energy Resources has merchant exposure to volatile gas and power prices, and risks associated with expansion in the size of its wind asset base. In addition, volatility around fuel prices and high levels of capital spending at its utility present regulatory risk.

Ormat Technologies (ORA)

Valuation Methodology: Our price target on ORA is the average of 3 methods: \$14 for P/E which is a 10% premium 17x our 2014 forecast of \$0.81; \$18 for 8x \$208M in 2014 EBITDA less \$835M in net debt and 45M shares; and \$22 for an asset value which includes enterprise value of \$1.4B for the projects 6x \$44M in products EBITDA, hedge NPV of \$159M, net debt of \$836M and 45M shares.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks for Ormat Technologies include geological changes that impact geothermal performance, regulation, commodity prices, and subordinate structure to Israeli-based parent.

PPL Corporation (PPL)

Valuation Methodology: Our current price target of \$30 is a 5% premium integrated P/E multiple of 13.6x our \$2.20 2014 EPS estimate.

Risks which May Impede the Achievement of the Barclays Research Price Target: Risks to the outlook include wholesale commodity prices, generation development market conditions, the outcome of regulatory proceedings, rating agency actions, foreign currency translation, interest rates, and access to the capital markets.

Public Service Enterprise Gp (PEG)

Valuation Methodology: Our price target is \$32 which reflects the average of \$32 for an asset value which includes \$12 for PSEG Power (\$9B enterprise value for the generation) and \$20 for PSE&G and the rest of the company at 14.5x \$1.38 2014 EPS; \$34 at an integrated utility average 14.1x \$2.34 in 2014 EPS; and \$29 for 7.1x Open EBITDA of \$3.3B, \$8.9B of net debt and hedge NPV and 507M shares outstanding.

Risks which May Impede the Achievement of the Barclays Research Price Target: Key risks are wholesale power prices, New Jersey and federal utility regulation, and interest rates.

Source: Barclays Research.

ANALYST(S) CERTIFICATION(S)

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Primary Stocks (Ticker, Date, Price)

AES Corp. (AES, 24-Jan-2013, USD 11.09), Overweight/Neutral
 Alliant Energy (LNT, 24-Jan-2013, USD 45.89), Overweight/Positive
 Ameren Corp. (AEE, 24-Jan-2013, USD 31.97), Equal Weight/Neutral
 American Electric Power (AEP, 24-Jan-2013, USD 44.19), Overweight/Positive
 American Water Works (AWK, 24-Jan-2013, USD 38.59), Overweight/Positive
 Aqua America (WTR, 24-Jan-2013, USD 27.16), Equal Weight/Positive
 Calpine Corp. (CPN, 24-Jan-2013, USD 19.01), Overweight/Neutral
 Canadian Utilities Ltd. (CU.TO, 24-Jan-2013, CAD 75.08), Equal Weight/Positive
 CenterPoint Energy Inc. (CNP, 24-Jan-2013, USD 20.24), Equal Weight/Positive
 CMS Energy (CMS, 24-Jan-2013, USD 25.28), Overweight/Positive
 Consolidated Edison (ED, 24-Jan-2013, USD 56.34), Equal Weight/Positive
 Covanta Holding Corp. (CVA, 24-Jan-2013, USD 19.19), Overweight/Neutral
 Dominion Resources (D, 24-Jan-2013, USD 53.79), Overweight/Positive
 DTE Energy (DTE, 24-Jan-2013, USD 62.50), Equal Weight/Positive
 Edison International (EIX, 24-Jan-2013, USD 46.69), Overweight/Positive
 FirstEnergy Corp. (FE, 24-Jan-2013, USD 39.92), Equal Weight/Neutral
 Great Plains Energy Inc. (GXP, 24-Jan-2013, USD 20.92), Equal Weight/Positive
 Hawaiian Electric Inds (HE, 24-Jan-2013, USD 25.98), Equal Weight/Positive
 NextEra Energy (NEE, 24-Jan-2013, USD 72.10), Overweight/Neutral
 NiSource, Inc. (NI, 24-Jan-2013, USD 26.50), Overweight/Positive
 Northeast Utilities (NU, 24-Jan-2013, USD 39.91), Overweight/Positive
 NRG Energy (NRG, 24-Jan-2013, USD 23.67), Overweight/Neutral
 NV Energy, Inc. (NVE, 24-Jan-2013, USD 18.75), Equal Weight/Positive
 OGE Energy Corp. (OGE, 24-Jan-2013, USD 57.64), Overweight/Positive
 Ormat Technologies (ORA, 24-Jan-2013, USD 20.24), Equal Weight/Neutral
 Pepco Holdings (POM, 24-Jan-2013, USD 19.27), Equal Weight/Positive
 PG&E Corp. (PCG, 24-Jan-2013, USD 41.51), Equal Weight/Positive

IMPORTANT DISCLOSURES CONTINUED

Pinnacle West Capital (PNW, 24-Jan-2013, USD 53.10), Equal Weight/Positive
 PNM Resources (PNM, 24-Jan-2013, USD 20.82), Equal Weight/Positive
 Portland General Electric Co. (POR, 24-Jan-2013, USD 28.33), Equal Weight/Positive
 PPL Corporation (PPL, 24-Jan-2013, USD 29.51), Equal Weight/Neutral
 Public Service Enterprise Gp (PEG, 24-Jan-2013, USD 30.28), Equal Weight/Neutral
 SCANA Corp. (SCG, 24-Jan-2013, USD 46.64), Equal Weight/Positive
 Sempra Energy (SRE, 24-Jan-2013, USD 73.97), Equal Weight/Positive
 Southern Co. (SO, 24-Jan-2013, USD 44.21), Equal Weight/Positive
 TECO Energy (TE, 24-Jan-2013, USD 17.11), Underweight/Positive
 Westar Energy (WR, 24-Jan-2013, USD 29.81), Overweight/Positive
 Wisconsin Energy (WEC, 24-Jan-2013, USD 38.58), Overweight/Positive
 Xcel Energy (XEL, 24-Jan-2013, USD 27.42), Equal Weight/Positive

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Overweight - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

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Neutral - industry coverage universe fundamentals/valuations are steady, neither improving nor deteriorating.

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North America Utilities

Alliant Energy (LNT)	American Electric Power (AEP)	American Water Works (AWK)
Aqua America (WTR)	Canadian Utilities Ltd. (CU.TO)	CenterPoint Energy Inc. (CNP)
CMS Energy (CMS)	Consolidated Edison (ED)	Dominion Resources (D)
DTE Energy (DTE)	Duke Energy (DUK)	Edison International (EIX)
Emera Inc. (EMA.TO)	Fortis Inc. (FTS.TO)	Great Plains Energy Inc. (GXP)
Hawaiian Electric Inds (HE)	ITC Holdings (ITC)	National Grid Plc (NGG)
NiSource, Inc. (NI)	Northeast Utilities (NU)	NV Energy, Inc. (NVE)
OGE Energy Corp. (OGE)	Pepco Holdings (POM)	PG&E Corp. (PCG)
Pinnacle West Capital (PNW)	PNM Resources (PNM)	Portland General Electric Co. (POR)
SCANA Corp. (SCG)	Sempra Energy (SRE)	Southern Co. (SO)

IMPORTANT DISCLOSURES CONTINUED

TECO Energy (TE)	Westar Energy (WR)	Wisconsin Energy (WEC)
Xcel Energy (XEL)		
U.S. Power		
AES Corp. (AES)	Ameren Corp. (AEE)	Calpine Corp. (CPN)
Covanta Holding Corp. (CVA)	Dynegy Inc. (DYN)	Entergy Corp. (ETR)
Exelon Corp. (EXC)	FirstEnergy Corp. (FE)	NextEra Energy (NEE)
NRG Energy (NRG)	Ormat Technologies (ORA)	PPL Corporation (PPL)
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