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To: Chief Clerk's Office
From: Linda Garrett via Kim Mitchell
CC:
Date: November 7, 2016
Re: G-5, Sub 565, Volume 6

FILED

NOV 07 2016

Clerk's Office
N.C. Utilities Commission

On the attached page 11, lines 9, 10 and 11, the words "priced earnings" now reads "price to earnings". Please replace the original page 11 of Volume 6 with the attached page 11.

Thank you.

1 be those such as tech sectors with relatively high growth
2 rates. Value stocks are stocks with lower growth rates,
3 tend to trade at lower market multiples. I think most
4 people would put utilities in the value stock category as
5 opposed to the growth stock category.

6 Q Okay. And if you go down a few paragraphs
7 where it -- paragraph starts, "Last week." The second
8 sentence there says, "The P-E ratio," and I think that's
9 profit -- price to earnings, right?

10 A Price to earnings, yes.

11 Q Excuse me -- "price to earnings ratio of
12 utilities is now roughly 17.7, above its average price to
13 earnings of 14.5 dating back to 1990, according to
14 Bespoke." Do you know who Bespoke is?

15 A I -- I do. It's an investment management firm.

16 Q And would you agree that realizing that this
17 was in 2014, that that P/E ratio of 17.7 was high
18 relative to the average going back to the 1990s?

19 A I do.

20 Q Now, if you look at those Value Line tables
21 that I passed out earlier for those comparable stocks,
22 looks like they're higher than that now; is that -- would
23 you agree, for the most part? Not all of them, but
24 almost all of them are.