Before beginning the DCF analysis, I looked at three prices as possible inputs. The three prices are, (1) a Value Line spot price, the closing price for the Wednesday prior to Value Line's reporting date (2) a "current" spot price taken from YAHOO! Finance, April 16, 2001. and (3) an average daily closing price for the period February 1 to April 18. The daily prices were gathered from YAHOO! Finance.

Company	VL	YAHOO! Spot*	3 Month Recent Average
Ameren Corp.	39.75	42.10	41.23
Cleco Corp.	43.34	47.00	45.38
Con Edison	36.87	38.25	36.39
DPL Inc.	27.05	29.73	28.52
DQE	32.45	30.42	30.84
DTE Energy	39.30	43.40	38.33
Energy East Corp.	18.80	19.84	18.53
FPL Group	65.05	60.90	61.91
IDACORP,Inc.	38.20	39.89	37.82
IPALCO Enterprises	24.00	21.55	20.27
NSTAR	40.65	38.35	38.73
Pinnacle West Capital	44.79	49.25	45.43
Potomac Elec Pwr	22.40	22.23	21.91
Puget Sound Energy	23.46	24.01	23.01
UIL Holdings	48.62	49.13	48.50
Mean	36.32	37.07	35.79

Daily prices for IPALCO Enterprises were not available from YAHOO! Finance. To calculate an averege daily price, I added the average difference between the spot price and Value Line's price for the group (excluding IPALCO) to IPALCO's spot price.

Standard Student-t tests for the hypothesis that these prices are the same indicate that the 3-month average price is statistically significantly less than the YAHOO! Price and is marginally different from Value Line's price.

The null and alternative hypotheses can be written as

$$H_0: \ \mu_1 \geq \ \mu_2 \qquad H_a: \ \mu_1 < \ \mu_2$$

For the first comparison, the spot price versus the Value Line price, the calculated t-statistic is 1.13

which is less than the critical value of 1.76.[1] Thus, we would fail to reject the null hypothesis – statistically speaking, there is no difference between these two prices.   Note, the p-value for this test is 0.14 which is larger than the conventional significance levels of 0.01 to 0.10.[2]

In comparing the spot price to the 3-month average, we find a calculated t-statistic larger than the critical value and thus we reject the null hypothesis. The 3-month average price is statistically smaller than the spot price. This is also seen by the small p-value of 0.003.

	Null Hypothesis		
	Spot Price$\leq$VL Price	VL Price$\leq$3 Month Average	Spot Price$\leq$3 Month Average
df	14	14	14
Critical Value	1.76	1.76	1.76
t-Statistic	1.13	1.26	3.17
p-Value	0.14	0.11	0.003
Conclusion	Fail to Reject	Fail to Reject	Reject

[1] The critical value defines, for a given significance level, in this case 5 percent, the rejection region. If the calculated test statistic is in the rejection region then we would concluded that there is enough evidence in the sample to reject the Null hypothesis, i.e., the Null hypothesis is not true. If the calculated test statistic is not in the rejection region, then we would fail to reject the Null hypothesis and conclude that there is not enough evidence to dispute the Null hypothesis; the Null may be true or false.

[2] The p-value is the largest value of significance for which we fail to reject the null hypothesis. Generally speaking, if the p-value is greater than 10 percent we would fail to reject the Null hypothesis. If the p-value is less than 1 percent we would reject the Null hypothesis. For values between 1 and 10 percent, the p-value indicates the largest significance level for our calculated test statistic for which we would fail to reject the Null hypothesis.