

- Q. (Re: p. 32, lines 13-15)
Dr. Kalymon reduces the DCF cost of the utilities by 50 basis points for the lower risk of regulated investments.
- (a) What is the approximate proportion of the total operations accounted for by non-regulated operations for the sample of utilities?
- A. No such breakdowns are provided by the companies in the utility sample, but non-regulated activities are substantial and vary by company.
- Q. (Re: p. 32, lines 13-15)
(b) Based on the response to (a) above, what is the DCF cost of equity for the non-regulated operations implied by the 50 basis point downward adjustment to the utilities' DCF costs for the lower risk of the regulated activities.
- A. No such determination of the DCF cost of equity of the non-regulated operations was attempted.