Q. Evidence of Ms. McShane, DCF Based Risk Premium Model estimates Page 68 on: Please provide separately a regression equation similar to that in Schedule 14 of the dividend yield against the explanatory variables and the growth forecast against the explanatory variables.

A. The regressions are provided in "CA NP 115 Attachment.xlsx".

Requested Regression Equations
(CA NP 115 Attachment.xlsx)

DCF-BASED EQUITY RISK PREMIUM STUDY FOR
SAMPLE OF U.S. UTILITIES
CONSTANT GROWTH DCF MODEL

Regression Analysis Results 1998-2011

EQUATION 1:

Growth Forecast = 5.56 - 0.10 (30-Year Treasury Yield)

t-statistics:
30-Year Treasury Yield = -1.92
R^2 = 2%

EQUATION 2:

Growth Forecast = 4.92 - 0.14 (30-Year Treasury Yield) + 0.53 (Spread)

Where Spread = Spread between A-rated Utility Bond Yields and 30-year Treasury Yields

t-statistics:
30-Year Treasury Yield = -3.34
Spread = 9.34

R^2 = 36%

EQUATION 3:

Growth Forecast = 4.34 + 0.11 (A-rated Utility Bond Yield)

t-statistics:
A-rated Utility Bond Yield = 2.81
R^2 = 5%

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