

1 **Q. Evidence of Ms. McShane, DCF Based Risk Premium Model estimates Page 68 on:**
2 **Please explain what has caused the decline in US equity costs of 1.4% since the time**
3 **of NP's last GRA in 2009.**
4

5 A. The reduction in the estimated cost of equity for the sample of U.S. utilities as estimated
6 using the DCF test is largely due to the decline in dividend yields resulting from the
7 recovery of the equity market and the concurrent reduction in bond yields.