

- 1 **Q. Evidence of Dr. Vander Weide: US DCF risk premia, Pages 26-30: Please provide**
2 **the data in Exhibit 7 in machine readable usable Excel form so that the regression**
3 **model can be replicated.**
4
5 **A. The requested information is supplied.**

Exhibit 7 Data

Multiple Regression - Risk Premium_1

Dependent variable: Risk Premium_1

Independent variables:

Lag Risk Premium

A Bond Yield

Lag Yield

Parameter	Estimate	Standard Error	T Statistic	P-Value
CONSTANT	0.0017	0.0024	0.7024	0.48
Lag Risk Premium	0.9577	0.0223	42.9071	0.00
A Bond Yield	(0.9068)	0.1182	(7.6712)	0.00
Lag Yield	0.9240	0.1197	7.7177	0.00

Analysis of Variance

Source	Sum of Squares	Df	Mean Square	F-Ratio	P-Value
Model	0.0196	3	0.0065	691.59	0.00
Residual	0.0014	144	0.0000		
Total (Corr.)	0.0210	147			

R-squared = 93.5099 percent

R-squared (adjusted for d.f.) = 93.3747 percent

Standard Error of Est. = 0.00307503

Mean absolute error = 0.00227759

Durbin-Watson statistic = 2.10349 (P=0.7346)

Lag 1 residual autocorrelation = -0.0518243

Simple Regression - Adjusted Risk Premium vs. Adjusted Bond Yield

Dependent variable: Adjusted Risk Premium

Independent variable: Adjusted Bond Yield

Linear model: $Y = a + b \cdot X$

Coefficients

Parameter	Least Squares Estimate	Standard Error	T Statistic	P-Value
Intercept	0.0044	0.0003	13.2489	0.00
Slope	-0.8917	0.1185	(7.5256)	0.00

Analysis of Variance

Source	Sum of Squares	Df	Mean Square	F-Ratio	P-Value
Model	0.0005	1	0.0005	56.63	0.00
Residual	0.0014	146	0.0000		
Total (Corr.)	0.0019	147			

Correlation Coefficient = -0.52867

R-squared = 27.9492 percent

R-squared (adjusted for d.f.) = 27.4557 percent

Standard Error of Est. = 0.00308848

Mean absolute error = 0.0023252

Durbin-Watson statistic = 2.07145 (P=0.6673)

Lag 1 residual autocorrelation = -0.0362397

Attachment CA NP 170

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Lag Risk Premium Coefficient = 0.9577

Adjusted Risk Premium = RP - coefficient x lag RP

Adjusted Bond Yield = Yld - coefficient x lag yield

Intercept Coefficient = 0.0044

Slope Coefficient = -0.8917

Line No.	Date	DCF	Bond Yield	Risk Premium	Risk Premium	Y_{t-1} Lag Risk Premium	A Bond Yield	X_{t-1} Lag Yield	Y_a Adjusted Risk Premium	X_a Adjusted Bond Yield
1	Sep-99	0.1155	0.0650	0.0505	0.0493	0.0505	0.0666	0.0650	0.0009	0.0043
2	Oct-99	0.1159	0.0666	0.0493	0.0542	0.0493	0.0648	0.0666	0.0070	0.0010
3	Nov-99	0.1190	0.0648	0.0542	0.0565	0.0542	0.0669	0.0648	0.0046	0.0048
4	Dec-99	0.1234	0.0669	0.0565	0.0533	0.0565	0.0686	0.0669	-0.0008	0.0045
5	Jan-00	0.1219	0.0686	0.0533	0.0613	0.0533	0.0654	0.0686	0.0103	-0.0003
6	Feb-00	0.1267	0.0654	0.0613	0.0673	0.0613	0.0638	0.0654	0.0086	0.0012
7	Mar-00	0.1311	0.0638	0.0673	0.0617	0.0673	0.0618	0.0638	-0.0028	0.0007
8	Apr-00	0.1235	0.0618	0.0617	0.0570	0.0617	0.0655	0.0618	-0.0020	0.0063
9	May-00	0.1225	0.0655	0.0570	0.0612	0.0570	0.0628	0.0655	0.0066	0.0001
10	Jun-00	0.1240	0.0628	0.0612	0.0625	0.0612	0.0620	0.0628	0.0038	0.0019
11	Jul-00	0.1245	0.0620	0.0625	0.0624	0.0625	0.0602	0.0620	0.0026	0.0008
12	Aug-00	0.1226	0.0602	0.0624	0.0554	0.0624	0.0609	0.0602	-0.0044	0.0032
13	Sep-00	0.1163	0.0609	0.0554	0.0565	0.0554	0.0604	0.0609	0.0035	0.0021
14	Oct-00	0.1169	0.0604	0.0565	0.0592	0.0565	0.0598	0.0604	0.0051	0.0020
15	Nov-00	0.1190	0.0598	0.0592	0.0600	0.0592	0.0564	0.0598	0.0034	-0.0009
16	Dec-00	0.1164	0.0564	0.0600	0.0627	0.0600	0.0565	0.0564	0.0052	0.0025
17	Jan-01	0.1192	0.0565	0.0627	0.0640	0.0627	0.0562	0.0565	0.0039	0.0021
18	Feb-01	0.1202	0.0562	0.0640	0.0657	0.0640	0.0549	0.0562	0.0044	0.0011
19	Mar-01	0.1206	0.0549	0.0657	0.0653	0.0657	0.0578	0.0549	0.0024	0.0052
20	Apr-01	0.1231	0.0578	0.0653	0.0685	0.0653	0.0592	0.0578	0.0060	0.0038
21	May-01	0.1277	0.0592	0.0685	0.0702	0.0685	0.0582	0.0592	0.0046	0.0015
22	Jun-01	0.1284	0.0582	0.0702	0.0718	0.0702	0.0575	0.0582	0.0046	0.0018
23	Jul-01	0.1293	0.0575	0.0718	0.0742	0.0718	0.0558	0.0575	0.0054	0.0007
24	Aug-01	0.1300	0.0558	0.0742	0.0766	0.0742	0.0553	0.0558	0.0056	0.0019
25	Sep-01	0.1319	0.0553	0.0766	0.0777	0.0766	0.0534	0.0553	0.0043	0.0004
26	Oct-01	0.1311	0.0534	0.0777	0.0761	0.0777	0.0533	0.0534	0.0016	0.0022
27	Nov-01	0.1294	0.0533	0.0761	0.0715	0.0761	0.0576	0.0533	-0.0014	0.0066
28	Dec-01	0.1291	0.0576	0.0715	0.0703	0.0715	0.0569	0.0576	0.0019	0.0017
29	Jan-02	0.1272	0.0569	0.0703	0.0723	0.0703	0.0561	0.0569	0.0049	0.0016
30	Feb-02	0.1284	0.0561	0.0723	0.0653	0.0723	0.0593	0.0561	-0.0038	0.0056
31	Mar-02	0.1246	0.0593	0.0653	0.0641	0.0653	0.0585	0.0593	0.0015	0.0017
32	Apr-02	0.1226	0.0585	0.0641	0.0654	0.0641	0.0581	0.0585	0.0040	0.0021
33	May-02	0.1235	0.0581	0.0654	0.0687	0.0654	0.0565	0.0581	0.0062	0.0009

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Lag Risk Premium Coefficient = 0.9577

Adjusted Risk Premium = RP - coefficient x lag RP

Adjusted Bond Yield = Yld - coefficient x lag yield

Intercept Coefficient = 0.0044

Slope Coefficient = -0.8917

Line No.	Date	DCF	Bond Yield	Risk Premium	Risk Premium	Y_{t-1} Lag Risk Premium	A Bond Yield	X_{t-1} Lag Yield	Y_a Adjusted Risk Premium	X_a Adjusted Bond Yield
34	Jun-02	0.1252	0.0565	0.0687	0.0785	0.0687	0.0551	0.0565	0.0126	0.0010
35	Jul-02	0.1336	0.0551	0.0785	0.0779	0.0785	0.0519	0.0551	0.0028	-0.0009
36	Aug-02	0.1298	0.0519	0.0779	0.0783	0.0779	0.0487	0.0519	0.0037	-0.0010
37	Sep-02	0.1270	0.0487	0.0783	0.0789	0.0783	0.0500	0.0487	0.0039	0.0034
38	Oct-02	0.1289	0.0500	0.0789	0.0736	0.0789	0.0504	0.0500	-0.0020	0.0025
39	Nov-02	0.1240	0.0504	0.0736	0.0723	0.0736	0.0501	0.0504	0.0018	0.0018
40	Dec-02	0.1224	0.0501	0.0723	0.0692	0.0723	0.0502	0.0501	-0.0001	0.0022
41	Jan-03	0.1194	0.0502	0.0692	0.0744	0.0692	0.0487	0.0502	0.0082	0.0006
42	Feb-03	0.1231	0.0487	0.0744	0.0729	0.0744	0.0482	0.0487	0.0016	0.0016
43	Mar-03	0.1211	0.0482	0.0729	0.0678	0.0729	0.0491	0.0482	-0.0020	0.0029
44	Apr-03	0.1169	0.0491	0.0678	0.0642	0.0678	0.0452	0.0491	-0.0007	-0.0018
45	May-03	0.1094	0.0452	0.0642	0.0611	0.0642	0.0434	0.0452	-0.0004	0.0001
46	Jun-03	0.1045	0.0434	0.0611	0.0579	0.0611	0.0492	0.0434	-0.0006	0.0076
47	Jul-03	0.1071	0.0492	0.0579	0.0524	0.0579	0.0539	0.0492	-0.0031	0.0068
48	Aug-03	0.1063	0.0539	0.0524	0.0506	0.0524	0.0521	0.0539	0.0005	0.0005
49	Sep-03	0.1027	0.0521	0.0506	0.0487	0.0506	0.0521	0.0521	0.0002	0.0022
50	Oct-03	0.1008	0.0521	0.0487	0.0466	0.0487	0.0517	0.0521	0.0000	0.0018
51	Nov-03	0.0983	0.0517	0.0466	0.0433	0.0466	0.0511	0.0517	-0.0013	0.0016
52	Dec-03	0.0944	0.0511	0.0433	0.0419	0.0433	0.0501	0.0511	0.0004	0.0012
53	Jan-04	0.0920	0.0501	0.0419	0.0421	0.0419	0.0494	0.0501	0.0020	0.0014
54	Feb-04	0.0915	0.0494	0.0421	0.0439	0.0421	0.0472	0.0494	0.0036	-0.0001
55	Mar-04	0.0911	0.0472	0.0439	0.0408	0.0439	0.0516	0.0472	-0.0013	0.0064
56	Apr-04	0.0924	0.0516	0.0408	0.0415	0.0408	0.0546	0.0516	0.0024	0.0052
57	May-04	0.0961	0.0546	0.0415	0.0415	0.0415	0.0545	0.0546	0.0017	0.0022
58	Jun-04	0.0960	0.0545	0.0415	0.0428	0.0415	0.0524	0.0545	0.0031	0.0002
59	Jul-04	0.0952	0.0524	0.0428	0.0458	0.0428	0.0507	0.0524	0.0048	0.0005
60	Aug-04	0.0965	0.0507	0.0458	0.0461	0.0458	0.0489	0.0507	0.0022	0.0003
61	Sep-04	0.0950	0.0489	0.0461	0.0467	0.0461	0.0485	0.0489	0.0025	0.0017
62	Oct-04	0.0952	0.0485	0.0467	0.0428	0.0467	0.0489	0.0485	-0.0019	0.0025
63	Nov-04	0.0917	0.0489	0.0428	0.0431	0.0428	0.0488	0.0489	0.0021	0.0020
64	Dec-04	0.0919	0.0488	0.0431	0.0446	0.0431	0.0477	0.0488	0.0034	0.0010
65	Jan-05	0.0923	0.0477	0.0446	0.0455	0.0446	0.0461	0.0477	0.0028	0.0004
66	Feb-05	0.0916	0.0461	0.0455	0.0428	0.0455	0.0489	0.0461	-0.0008	0.0047

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Intercept Coefficient = 0.0044

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Line No.	Date	DCF	Bond Yield	Risk Premium	Risk Premium	Y_{t-1} Lag Risk Premium	A Bond Yield	X_{t-1} Lag Yield	Y_a Adjusted Risk Premium	X_a Adjusted Bond Yield
67	Mar-05	0.0917	0.0489	0.0428	0.0447	0.0428	0.0475	0.0489	0.0037	0.0007
68	Apr-05	0.0922	0.0475	0.0447	0.0452	0.0447	0.0456	0.0475	0.0024	0.0001
69	May-05	0.0908	0.0456	0.0452	0.0475	0.0452	0.0435	0.0456	0.0042	-0.0002
70	Jun-05	0.0910	0.0435	0.0475	0.0449	0.0475	0.0448	0.0435	-0.0005	0.0031
71	Jul-05	0.0897	0.0448	0.0449	0.0446	0.0449	0.0453	0.0448	0.0015	0.0024
72	Aug-05	0.0899	0.0453	0.0446	0.0471	0.0446	0.0451	0.0453	0.0044	0.0017
73	Sep-05	0.0922	0.0451	0.0471	0.0459	0.0471	0.0474	0.0451	0.0008	0.0042
74	Oct-05	0.0933	0.0474	0.0459	0.0497	0.0459	0.0483	0.0474	0.0057	0.0029
75	Nov-05	0.0980	0.0483	0.0497	0.0506	0.0497	0.0473	0.0483	0.0030	0.0010
76	Dec-05	0.0979	0.0473	0.0506	0.0514	0.0506	0.0465	0.0473	0.0029	0.0012
77	Jan-06	0.0979	0.0465	0.0514	0.0597	0.0514	0.0473	0.0465	0.0105	0.0028
78	Feb-06	0.1070	0.0473	0.0597	0.0562	0.0597	0.0491	0.0473	-0.0009	0.0038
79	Mar-06	0.1053	0.0491	0.0562	0.0553	0.0562	0.0522	0.0491	0.0014	0.0052
80	Apr-06	0.1075	0.0522	0.0553	0.0552	0.0553	0.0535	0.0522	0.0023	0.0035
81	May-06	0.1087	0.0535	0.0552	0.0588	0.0552	0.0529	0.0535	0.0059	0.0017
82	Jun-06	0.1117	0.0529	0.0588	0.0585	0.0588	0.0525	0.0529	0.0022	0.0018
83	Jul-06	0.1110	0.0525	0.0585	0.0564	0.0585	0.0508	0.0525	0.0004	0.0005
84	Aug-06	0.1072	0.0508	0.0564	0.0618	0.0564	0.0493	0.0508	0.0078	0.0006
85	Sep-06	0.1111	0.0493	0.0618	0.0580	0.0618	0.0494	0.0493	-0.0012	0.0022
86	Oct-06	0.1074	0.0494	0.0580	0.0600	0.0580	0.0478	0.0494	0.0044	0.0005
87	Nov-06	0.1078	0.0478	0.0600	0.0593	0.0600	0.0478	0.0478	0.0018	0.0020
88	Dec-06	0.1071	0.0478	0.0593	0.0601	0.0593	0.0495	0.0478	0.0033	0.0037
89	Jan-07	0.1096	0.0495	0.0601	0.0592	0.0601	0.0493	0.0495	0.0017	0.0019
90	Feb-07	0.1085	0.0493	0.0592	0.0613	0.0592	0.0481	0.0493	0.0046	0.0009
91	Mar-07	0.1094	0.0481	0.0613	0.0547	0.0613	0.0495	0.0481	-0.0040	0.0034
92	Apr-07	0.1042	0.0495	0.0547	0.0570	0.0547	0.0498	0.0495	0.0046	0.0024
93	May-07	0.1068	0.0498	0.0570	0.0594	0.0570	0.0529	0.0498	0.0048	0.0052
94	Jun-07	0.1123	0.0529	0.0594	0.0611	0.0594	0.0519	0.0529	0.0042	0.0012
95	Jul-07	0.1130	0.0519	0.0611	0.0604	0.0611	0.0500	0.0519	0.0019	0.0003
96	Aug-07	0.1104	0.0500	0.0604	0.0594	0.0604	0.0484	0.0500	0.0016	0.0005
97	Sep-07	0.1078	0.0484	0.0594	0.0601	0.0594	0.0483	0.0484	0.0031	0.0019
98	Oct-07	0.1084	0.0483	0.0601	0.0660	0.0601	0.0456	0.0483	0.0084	-0.0007
99	Nov-07	0.1116	0.0456	0.0660	0.0675	0.0660	0.0457	0.0456	0.0043	0.0020

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Line No.	Date	DCF	Bond Yield	Risk Premium	Risk Premium	Y_{t-1} Lag Risk Premium	A Bond Yield	X_{t-1} Lag Yield	Y_a Adjusted Risk Premium	X_a Adjusted Bond Yield
100	Dec-07	0.1132	0.0457	0.0675	0.0758	0.0675	0.0435	0.0457	0.0112	-0.0003
101	Jan-08	0.1193	0.0435	0.0758	0.0684	0.0758	0.0449	0.0435	-0.0042	0.0032
102	Feb-08	0.1133	0.0449	0.0684	0.0734	0.0684	0.0436	0.0449	0.0079	0.0006
103	Mar-08	0.1170	0.0436	0.0734	0.0715	0.0734	0.0444	0.0436	0.0012	0.0026
104	Apr-08	0.1159	0.0444	0.0715	0.0702	0.0715	0.0460	0.0444	0.0018	0.0035
105	May-08	0.1162	0.0460	0.0702	0.0662	0.0702	0.0474	0.0460	-0.0010	0.0033
106	Jun-08	0.1136	0.0474	0.0662	0.0710	0.0662	0.0462	0.0474	0.0076	0.0008
107	Jul-08	0.1172	0.0462	0.0710	0.0738	0.0710	0.0453	0.0462	0.0058	0.0011
108	Aug-08	0.1191	0.0453	0.0738	0.0753	0.0738	0.0432	0.0453	0.0046	-0.0002
109	Sep-08	0.1185	0.0432	0.0753	0.0835	0.0753	0.0445	0.0432	0.0114	0.0031
110	Oct-08	0.1280	0.0445	0.0835	0.0885	0.0835	0.0427	0.0445	0.0085	0.0001
111	Nov-08	0.1312	0.0427	0.0885	0.0983	0.0885	0.0318	0.0427	0.0135	-0.0091
112	Dec-08	0.1301	0.0318	0.0983	0.0895	0.0983	0.0346	0.0318	-0.0046	0.0041
113	Jan-09	0.1241	0.0346	0.0895	0.0886	0.0895	0.0383	0.0346	0.0029	0.0052
114	Feb-09	0.1269	0.0383	0.0886	0.0908	0.0886	0.0378	0.0383	0.0060	0.0011
115	Mar-09	0.1286	0.0378	0.0908	0.0882	0.0908	0.0384	0.0378	0.0012	0.0022
116	Apr-09	0.1266	0.0384	0.0882	0.0820	0.0882	0.0422	0.0384	-0.0024	0.0054
117	May-09	0.1242	0.0422	0.0820	0.0769	0.0820	0.0451	0.0422	-0.0017	0.0047
118	Jun-09	0.1220	0.0451	0.0769	0.0736	0.0769	0.0438	0.0451	0.0000	0.0006
119	Jul-09	0.1174	0.0438	0.0736	0.0725	0.0736	0.0433	0.0438	0.0020	0.0014
120	Aug-09	0.1158	0.0433	0.0725	0.0738	0.0725	0.0414	0.0433	0.0044	-0.0001
121	Sep-09	0.1152	0.0414	0.0738	0.0737	0.0738	0.0416	0.0414	0.0029	0.0020
122	Oct-09	0.1153	0.0416	0.0737	0.0772	0.0737	0.0424	0.0416	0.0067	0.0026
123	Nov-09	0.1196	0.0424	0.0772	0.0655	0.0772	0.0440	0.0424	-0.0084	0.0034
124	Dec-09	0.1095	0.0440	0.0655	0.0662	0.0655	0.0450	0.0440	0.0034	0.0029
125	Jan-10	0.1112	0.0450	0.0662	0.0643	0.0662	0.0448	0.0450	0.0009	0.0017
126	Feb-10	0.1091	0.0448	0.0643	0.0627	0.0643	0.0449	0.0448	0.0011	0.0020
127	Mar-10	0.1076	0.0449	0.0627	0.0658	0.0627	0.0453	0.0449	0.0058	0.0023
128	Apr-10	0.1111	0.0453	0.0658	0.0682	0.0658	0.0411	0.0453	0.0051	-0.0023
129	May-10	0.1093	0.0411	0.0682	0.0693	0.0682	0.0395	0.0411	0.0040	0.0001
130	Jun-10	0.1088	0.0395	0.0693	0.0698	0.0693	0.0380	0.0395	0.0035	0.0002
131	Jul-10	0.1078	0.0380	0.0698	0.0705	0.0698	0.0352	0.0380	0.0037	-0.0012
132	Aug-10	0.1057	0.0352	0.0705	0.0712	0.0705	0.0347	0.0352	0.0037	0.0010

Attachment CA NP 170

EXHIBIT 7

COMPARISON OF DCF EXPECTED RETURN ON AN EQUITY INVESTMENT IN MOODY'S ELECTRIC COMPANIES
TO THE INTEREST RATE ON LONG-TERM GOVERNMENT BONDSSerial correlation coefficient r estimated via multiple regression equation:

$$Y_t = a(1-r) + rY_{t-1} + bX_t - brX_{t-1} + e_t$$

Lag Risk Premium Coefficient = 0.9577

Adjusted Risk Premium = $RP - \text{coefficient} \times \text{lag RP}$

Adjusted Bond Yield = $Yld - \text{coefficient} \times \text{lag yield}$

Intercept Coefficient = 0.0044

Slope Coefficient = -0.8917

Line No.	Date	DCF	Bond Yield	Risk Premium	Risk Premium	Y_{t-1} Lag Risk Premium	A Bond Yield	X_{t-1} Lag Yield	Y_a Adjusted Risk Premium	X_a Adjusted Bond Yield
133	Sep-10	0.1059	0.0347	0.0712	0.0692	0.0712	0.0352	0.0347	0.0010	0.0020
134	Oct-10	0.1044	0.0352	0.0692	0.0669	0.0692	0.0382	0.0352	0.0005	0.0045
135	Nov-10	0.1051	0.0382	0.0669	0.0636	0.0669	0.0417	0.0382	-0.0004	0.0051
136	Dec-10	0.1053	0.0417	0.0636	0.0616	0.0636	0.0428	0.0417	0.0007	0.0029
137	Jan-11	0.1044	0.0428	0.0616	0.0599	0.0616	0.0442	0.0428	0.0008	0.0032
138	Feb-11	0.1041	0.0442	0.0599	0.0617	0.0599	0.0427	0.0442	0.0043	0.0004
139	Mar-11	0.1044	0.0427	0.0617	0.0549	0.0617	0.0428	0.0427	-0.0042	0.0019
140	Apr-11	0.0977	0.0428	0.0549	0.0593	0.0549	0.0401	0.0428	0.0067	-0.0009
141	May-11	0.0994	0.0401	0.0593	0.0601	0.0593	0.0391	0.0401	0.0034	0.0007
142	Jun-11	0.0992	0.0391	0.0601	0.0573	0.0601	0.0395	0.0391	-0.0003	0.0021
143	Jul-11	0.0968	0.0395	0.0573	0.0682	0.0573	0.0324	0.0395	0.0134	-0.0054
144	Aug-11	0.1006	0.0324	0.0682	0.0689	0.0682	0.0283	0.0324	0.0036	-0.0027
145	Sep-11	0.0972	0.0283	0.0689	0.0711	0.0689	0.0287	0.0283	0.0051	0.0016
146	Oct-11	0.0998	0.0287	0.0711	0.0710	0.0711	0.0272	0.0287	0.0029	-0.0003
147	Nov-11	0.0982	0.0272	0.0710	0.0717	0.0710	0.0267	0.0272	0.0037	0.0007
148	Dec-11	0.0984	0.0267	0.0717	0.0707	0.0717	0.0270	0.0267	0.0020	0.0014
149	Jan-12	0.0977	0.0270	0.0707						

Attachment CA NP 170

EXHIBIT 7

COMPARISON OF DCF EXPECTED RETURN ON AN EQUITY INVESTMENT IN MOODY'S ELECTRIC COMPANIES
TO THE INTEREST RATE ON LONG-TERM GOVERNMENT BONDS

Serial correlation coefficient r estimated via multiple regression equation:

$$Y_t = a(1-r) + rY_{t-1} + bX_t - brX_{t-1} + e_t$$

Lag Risk Premium Coefficient =

0.9577

Adjusted Risk Premium = $RP - \text{coefficient} \times \text{lag RP}$

Adjusted Bond Yield = $Yld - \text{coefficient} \times \text{lag yield}$

Intercept Coefficient =

0.0044

Slope Coefficient =

-0.8917

Canada Long Bond

3.06%

Ex Ante Risk Premium Cost of Equity Electric Utilities

$$10.40 - (.8917 \times 3.06) = 7.67$$

	0.1040	-	(0.8917)	x	3.06%	=	0.0767
1	intercept coefficient/(1-serial correlation coefficient) =						0.1040
2	Bond coefficient						(0.8917)
3	Bond yield =						3.06%
4	Bond Coefficient x Bond yield =						(0.0273)
5	Ex Ante Risk Premium						0.0767
6	Bond yield =						3.06%
7	Ex Ante Risk Premium Cost of Equity =						10.73%