

1 **Q. Evidence of Dr. Vander Weide: US DCF risk premia, Pages 26-30: Please confirm**
2 **that Dr. Vander Weide believes that a 7.7% utility risk premium is what investment**
3 **analysts use when estimating the cost of equity capital for his US sample and that**
4 **they use numbers like these when doing a DCF analysis to value utility stocks.**
5

6 A. Cannot confirm. Since Dr. Vander Weide was asked by Newfoundland Power to prepare
7 an independent appraisal of the fairness of the returns provided by the ROE Formula and
8 an estimate of Newfoundland Power's cost of equity, he did not study the cost of equity
9 estimates of analysts, nor is he aware of any data set which contains the cost of equity
10 estimates of investment analysts.