

1 **Q. Evidence of Dr. Vander Weide: In Dr. Vander Weide's opinion, what role should**
2 **customer hardship have as a factor influencing allowed equity returns of public**
3 **utilities?**
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5 A. In Dr. Vander Weide's opinion, regulators are governed by the fair rate of return standard
6 discussed in his written evidence, Section II, pp. 6 – 10. According to the fair rate of
7 return standard, utilities should be allowed an opportunity to earn a return on capital that
8 is commensurate with returns investors could earn on other investments of similar risk.
9 The court standards for a fair return do not mention customer hardship as a factor
10 influencing the fair return.