

1 **Q. Vander Weide Evidence – Does Dr. Vander Weide agree that a utility’s inability to**
2 **fully recover costs on a timely basis is a risk to an equity investor in a utility? If so,**
3 **how?**
4

5 A. Yes. The inability to fully recover costs on a timely basis is a risk to an equity investor
6 because such inability increases the risk that the equity investor will earn a return on
7 investment that is less than the equity investor’s required return. However, Dr. Vander
8 also Weide recognizes that the risk to the equity investor is not the same as the risk to
9 debt investors. Please also see response to CA-NP-189.