

1 **Q. Vander Weide Evidence (page 22) - Dr. Vander Weide states that the average bond**
2 **rating for the companies in his comprehensive utility group is BBB+, and that the**
3 **average bond rating for the companies in his smaller U.S. sample is BBB+ to A-.**
4 **Can Dr. Vander Weide explain how he arrives at these expressed averages from the**
5 **data at Exhibit 5?**

6
7 A. Yes. As shown on Exhibit 5, each company's Standard & Poor's letter rating is assigned
8 a numerical equivalent, ranging from the number "1" for an "AA" bond rating through
9 the number "8" for the "BBB-" bond rating. The average bond rating is the simple
10 average of the numbers in the column titled, "S&P Bond Rating (Numerical)." Please
11 also see CA-NP-226.