

1 **Q. Vander Weide Evidence (page 23) - Where in Dr. Vander Weide's report does he**
2 **address the expected variability in the return on the stock investment in his samples**
3 **versus that of Newfoundland Power?**
4

5 A. Dr. Vander Weide does not present evidence on the expected variability in the return on
6 equity for his sample companies because expected variability in the return on equity
7 cannot be measured precisely. Recognizing that risk cannot be measured precisely, Dr.
8 Vander Weide analyzes Newfoundland Power's cost of equity by estimating the cost of
9 equity for several groups of companies that are comparable to Newfoundland Power
10 along several risk dimensions. Please see Vander Weide written evidence, pp. 13 – 25.