

1 **Q. Vander Weide Evidence – Please restate Dr. Vander Weide’s results of his tests if**  
2 **only Safety Rank 1 and 2 companies are used.**

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4 A. Dr. Vander Weide finds a cost of equity for his proxy companies equal to 10.4 percent in  
5 his written evidence. The effect of including only the companies with a Safety Rank  
6 equal to 1 or 2 in Dr. Vander Weide’s Exhibit 6 and Exhibit 7 would be approximately  
7 ten basis points on the estimated cost of equity, as shown in the following table.  
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Model	Model Result
Discounted Cash Flow	9.9%
Ex Post Risk Premium	9.9%
Ex Ante Risk Premium	11.1%
Average	10.3%