

1 **Q. Vander Weide Evidence – Is it also relevant to consider what proportion of a**
2 **utility’s earnings is derived from regulated vs. non-regulated operations?**

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4 A. Dr. Vander Weide believes that it would be relevant to consider the proportion of a
5 utility’s earnings derived from regulated vs. non-regulated operations if consideration of
6 these data were likely to produce significantly different cost of equity results than the
7 results obtained from consideration of a utility’s total assets devoted to regulated
8 operations. However, Dr. Vander Weide does not believe that the DCF results for a group
9 identified by a criterion relating to proportion of earnings derived from regulated
10 operations would be significantly different from the DCF results for a group identified by
11 proportion of assets derived from regulated operations. In addition, Dr. Vander Weide
12 notes that company data on the percentage of total assets related to regulated operations
13 are readily available from the Edison Electric Institute, whereas they do not provide data
14 on percentage of earnings from regulated operations. Thus, the percentage of earnings
15 from regulated operations would have to be collected from the segment reports contained
16 in each company’s SEC filings. Dr. Vander Weide determined that the time and expense
17 of obtaining the segment data for potential proxy companies would not contribute
18 sufficient additional information to justify the expense.