Q. Vander Weide Evidence – Does Dr. Vander Weide have any concern for the validity or reliability of his Ex Ante Risk Premium approach by reason of its estimating a higher risk premium for the natural gas group than the electric utility group given that as Dr. Vander Weide admitted in reply to CA-NP-288 in the March 2012 Newfoundland Power application:

"The business risk of a U.S. natural gas utility is currently slightly less than the business risk of U.S. electric utilities because many electric utilities are increasing their capital expenditures to meet demand growth and satisfy environmental requirements. I note that in terms of authorized returns on equity in the United States, in 2011 I authorized ROEs have been approximately 20 basis points less for natural gas utilities than for electric utilities."

A. In Dr. Vander Weide's opinion, the risk premium for the natural gas utility group is not statistically significantly different than the risk premium for the electric utility group. Further, Dr. Vander Weide's ex ante risk premium estimate of the cost of equity is based on the average risk premium cost of equity for the two groups.