

1 **Q. Reference pages 26-33: Risk Premiums: Mr. MacDonald references Damadoran's**  
2 **web site, is he aware that Damadoran's estimates (cost of capital by sector, January**  
3 **2012) for US electric equity costs are:**  
4

- 5       **a. Electric utility (Central): 6.41%,**  
6       **b. Electric utility (east): 6.08%,**  
7       **c. Electric utility (West): 6.40%?**  
8

9 **A.** Mr. MacDonald is aware. Professor Damadoran also references the Beta for these  
10 utilities to be between 0.70-0.75, while equity as a percentage of debt & equity ranges  
11 between 53.72% and 60.18%.