

1 **Q. Reference pages 38-41: AAM: Please indicate the current yield on conventional**
2 **utility preferred shares and whether Mr. MacDonald views utility preferred shares**
3 **as close substitutes to utility common shares.**
4

5 A. Mr. MacDonald did not research current yields on conventional utility preferred shares in
6 preparing his expert report. Mr. MacDonald believes that preferred shares can have
7 characteristics of both debt and equity. The comparability of preferred shares to debt and
8 common equity should be based on the characteristics of the security.