1 **Q.** **Written Evidence of James H. Vander Weide – Volume 3**
2
3 **Pg. 43, A119 - Please provide examples where the historical ratio of the average**
4 **utility risk premium to the average S&P 500 risk premium is utilized in place of the**
5 **Value Line Utilities Beta or a similar estimate of beta.**
6
7 A. Dr. Vander Weide explains why the beta in the CAPM equation is logically equal to the
8 ratio of the average utility risk premium to the average S&P 500 risk premium on page
9 43, Answer 119, of his written evidence. He has not studied whether other experts or
10 regulators have recognized the logical connection between the CAPM beta and the ratio
11 of the average utility risk premium to the average S&P 500 risk premium.