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7 Q: Referring to page 41 of his direct testimony, please state how the market risk premium  
8 ranges of 3.8-4.2% and 4.75-5.15% will change if Dr. Cannon had relied on arithmetic  
9 estimates only.

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15 A: If Dr. Cannon had relied on arithmetic averages only for his historical U.S. evidence,  
16 the MRP ranges would have been 3.98% to 4.40% and 5.00% to 5.36%, respectively, as  
17 derived below.

18 All "Input Source" references are to Dr. Cannon's prefiled evidence.

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21 **I. For the 3.8% to 4.2% range:**

Input Source	Input Value(s)	Weighting	Factor
page 43, line 19	5.74%	40%	2.30
page 46, line 17	2.8% - 3.5%	60%	1.68 - 2.10
Total			3.98% - 4.40%

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27 **II. For the 4.75% to 5.15% range:**

Input Source	Input Value(s)	Weighting	Factor
page 43, line 20	7.03%	40%	2.81
page 46, line 18	3.65% - 4.25%	60%	2.19 - 2.55
Total			5.00% - 5.36%