

- Q. At page 31, line 17 of his testimony, Dr. Kalymon states that the beta of the utilities is .40. At page 34, lines 17-18, Dr. Kalymon makes a downward adjustment of 50 basis points for the lower risk of regulated activities relative to the total risk of the utilities. Please provide the beta for the each of the utilities' regulated activities that is implied by the 50 basis point adjustment.
- A. **The actual betas for the regulated activities of the traded utilities are unobservable. However, the implied beta of the regulated activities based on the 50 basis point adjustment relative to that of the utilities sample required returns would be in the order of 0.30.**