

Requests for Information

1 **Q. If 10.75 were substituted for 13.30 as the cost of common equity in the above table,**
2 **would the proposed rate of return on rate base be 9.36% instead of 10.48%? If the**
3 **answer is anything other than “yes”, please explain and provide a corrected**
4 **calculation.**

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6 A. Please refer to the response to Request for Information PUB-259.

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8 The 9.36 per cent represents the proposed weighted average cost of capital for 2003
9 based on the original Application filed on October 11, 2002 and not the proposed rate of
10 return on rate base. The 2003 proposed rate of return on rate base using a 9.36 per cent
11 weighted average cost of capital will result in a rate of return on rate base of 10.48 per
12 cent.

13
14 The revised Application contemplates a weighted average cost of capital for 2003 of 9.49
15 per cent. Using the revised 9.49 per cent weighted average cost of capital will result in a
16 rate of return on rate base of 10.55 per cent.

17
18 The calculation of weighted average cost of capital for 2003 proposed is shown in Exhibit
19 BVP-18, line 23.

20
21 The calculation of the rate of return on rate base proposed for 2003 is shown in Exhibit
22 BVP-19, pages 2 of 2, lines 17-24.