

Company Name: Con Edison  
Case Description: 2009 Electric Rate Filing  
Case: 09-E-0428

Response to DPS Interrogatories – Set DPS31  
Date of Response: 07/27/2009  
Responding Witness: Morin/jack carley

Question No. :278

Subject: Historical Risk Premium Analysis - 1. On page 33 of your pre-filed testimony, you explain that “a historical risk premium for the utility industry was estimated with an annual time series analysis applied to the utility industry as a whole over the 1930-2007 period.” 2. Why did this analysis, unlike your CAPM analysis, not include 2008 data? 3. Provide your historical risk premium analysis for the utility industry including the 2008 data.

Response:

1. Given the disastrous debacle in the stock market in 2008, Dr. Morin considered it reasonable to limit the historical risk premium analysis to the period ending in 2007. Given the unprecedented circumstances of 2008, unlikely to be repeated, the average risk premium calculation inclusive of 2008 data declines slightly.
2. See attachment.

**Exhibit RAM-3 Utility Industry Historical Risk Premium**

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		Utility A-Rated Bond Yield	20 year Maturity Bond Value	Gain/Loss	Interest	Bond Total Return	S&P Utility Index Return	Utility Equity Risk Premium Over Bond Returns	Utility Equity Risk Premium Over Bond Yields
Line No.	Year								
1	1931	5.12%	1,000.00						
2	1932	6.46%	850.73	-149.27	51.20	-9.81%	-0.54%	9.27%	-7.00%
3	1933	6.32%	1,015.77	15.77	64.60	8.04%	-21.87%	-29.91%	-28.19%
4	1934	5.50%	1,098.72	98.72	63.20	16.19%	-20.41%	-36.60%	-25.91%
5	1935	4.61%	1,115.47	115.47	55.00	17.05%	76.63%	59.58%	72.02%
6	1936	4.08%	1,071.99	71.99	46.10	11.81%	20.69%	8.88%	16.61%
7	1937	3.98%	1,013.70	13.70	40.80	5.45%	-37.04%	-42.49%	-41.02%
8	1938	3.90%	1,011.04	11.04	39.80	5.08%	22.45%	17.37%	18.55%
9	1939	3.52%	1,054.23	54.23	39.00	9.32%	11.26%	1.94%	7.74%
10	1940	3.24%	1,040.98	40.98	35.20	7.62%	-17.15%	-24.77%	-20.39%
11	1941	3.07%	1,025.27	25.27	32.40	5.77%	-31.57%	-37.34%	-34.64%
12	1942	3.09%	997.03	-2.97	30.70	2.77%	15.39%	12.62%	12.30%
13	1943	2.99%	1,014.97	14.97	30.90	4.59%	46.07%	41.48%	43.08%
14	1944	2.97%	1,003.00	3.00	29.90	3.29%	18.03%	14.74%	15.06%
15	1945	2.87%	1,015.14	15.14	29.70	4.48%	53.33%	48.85%	50.46%
16	1946	2.71%	1,024.58	24.58	28.70	5.33%	1.26%	-4.07%	-1.45%
17	1947	2.78%	989.32	-10.68	27.10	1.64%	-13.16%	-14.80%	-15.94%
18	1948	3.02%	964.17	-35.83	27.80	-0.80%	4.01%	4.81%	0.99%
19	1949	2.90%	1,018.11	18.11	30.20	4.83%	31.39%	26.56%	28.49%
20	1950	2.79%	1,016.77	16.77	29.00	4.58%	3.25%	-1.33%	0.46%
21	1951	3.11%	952.61	-47.39	27.90	-1.95%	18.63%	20.58%	15.52%
22	1952	3.24%	980.97	-19.03	31.10	1.21%	19.25%	18.04%	16.01%
23	1953	3.49%	964.23	-35.77	32.40	-0.34%	7.85%	8.19%	4.36%
24	1954	3.16%	1,048.65	48.65	34.90	8.35%	24.72%	16.37%	21.56%
25	1955	3.22%	991.20	-8.80	31.60	2.28%	11.26%	8.98%	8.04%
26	1956	3.56%	951.65	-48.35	32.20	-1.62%	5.06%	6.68%	1.50%
27	1957	4.24%	908.92	-91.08	35.60	-5.55%	6.36%	11.91%	2.12%
28	1958	4.20%	1,005.38	5.38	42.40	4.78%	40.70%	35.92%	36.50%
29	1959	4.78%	925.83	-74.17	42.00	-3.22%	7.49%	10.71%	2.71%
30	1960	4.78%	1,000.00	0.00	47.80	4.78%	20.26%	15.48%	15.48%
31	1961	4.62%	1,020.74	20.74	47.80	6.85%	29.33%	22.48%	24.71%
32	1962	4.54%	1,010.44	10.44	46.20	5.66%	-2.44%	-8.10%	-6.98%
33	1963	4.39%	1,019.83	19.83	45.40	6.52%	12.36%	5.84%	7.97%
34	1964	4.52%	983.00	-17.00	43.90	2.69%	15.91%	13.22%	11.39%
35	1965	4.58%	992.20	-7.80	45.20	3.74%	4.67%	0.93%	0.09%
36	1966	5.39%	901.59	-98.41	45.80	-5.26%	-4.48%	0.78%	-9.87%
37	1967	5.87%	943.94	-56.06	53.90	-0.22%	-0.63%	-0.41%	-6.50%
38	1968	6.51%	928.99	-71.01	58.70	-1.23%	10.32%	11.55%	3.81%
39	1969	7.54%	894.48	-105.52	65.10	-4.04%	-15.42%	-11.38%	-22.96%

40	1970	8.69%	891.81	-108.19	75.40	-3.28%	16.56%	19.84%	7.87%
41	1971	8.16%	1,051.83	51.83	86.90	13.87%	2.41%	-11.46%	-5.75%
42	1972	7.72%	1,044.47	44.47	81.60	12.61%	8.15%	-4.46%	0.43%
43	1973	7.84%	987.98	-12.02	77.20	6.52%	-18.07%	-24.59%	-25.91%
44	1974	9.50%	852.57	-147.43	78.40	-6.90%	-21.55%	-14.65%	-31.05%
45	1975	10.09%	949.69	-50.31	95.00	4.47%	44.49%	40.02%	34.40%
46	1976	9.29%	1,072.11	72.11	100.90	17.30%	31.81%	14.51%	22.52%
47	1977	8.61%	1,064.35	64.35	92.90	15.72%	8.64%	-7.08%	0.03%
48	1978	9.29%	938.71	-61.29	86.10	2.48%	-3.71%	-6.19%	-13.00%
49	1979	10.49%	900.41	-99.59	92.90	-0.67%	13.58%	14.25%	3.09%
50	1980	13.34%	802.50	-197.50	104.90	-9.26%	15.08%	24.34%	1.74%
51	1981	15.95%	843.97	-156.03	133.40	-2.26%	11.74%	14.00%	-4.21%
52	1982	15.86%	1,005.41	5.41	159.50	16.49%	26.52%	10.03%	10.66%
53	1983	13.66%	1,149.59	149.59	158.60	30.82%	20.01%	-10.81%	6.35%
54	1984	14.03%	975.38	-24.62	136.60	11.20%	26.04%	14.84%	12.01%
55	1985	12.47%	1,113.97	113.97	140.30	25.43%	33.05%	7.62%	20.58%
56	1986	9.58%	1,255.25	255.25	124.70	37.99%	28.53%	-9.46%	18.95%
57	1987	10.10%	955.69	-44.31	95.80	5.15%	-2.92%	-8.07%	-13.02%
58	1988	10.49%	967.63	-32.37	101.00	6.86%	18.27%	11.41%	7.78%
59	1989	9.77%	1,062.76	62.76	104.90	16.77%	47.80%	31.03%	38.03%
60	1990	9.86%	992.20	-7.80	97.70	8.99%	-2.57%	-11.56%	-12.43%
61	1991	9.36%	1,044.85	44.85	98.60	14.34%	14.61%	0.27%	5.25%
62	1992	8.69%	1,063.03	63.03	93.60	15.66%	8.10%	-7.56%	-0.59%
63	1993	7.59%	1,112.26	112.26	86.90	19.92%	14.41%	-5.51%	6.82%
64	1994	8.31%	930.36	-69.64	75.90	0.63%	-7.94%	-8.57%	-16.25%
65	1995	7.89%	1,041.91	41.91	83.10	12.50%	42.15%	29.65%	34.26%
66	1996	7.75%	1,014.12	14.12	78.90	9.30%	3.14%	-6.16%	-4.61%
67	1997	7.60%	1,015.30	15.30	77.50	9.28%	24.69%	15.41%	17.09%
68	1998	7.04%	1,059.61	59.61	76.00	13.56%	14.82%	1.26%	7.78%
69	1999	7.62%	940.94	-59.06	70.40	1.13%	-8.85%	-9.98%	-16.47%
70	2000	8.24%	939.72	-60.28	76.20	1.59%	59.70%	58.11%	51.46%
71	2001	7.78%	1,046.28	46.28	82.40	12.87%	-30.41%	-43.28%	-38.19%
72	2002	7.37%	1,042.55	42.55	77.80	12.03%	-30.04%	-42.07%	-37.41%
73	2003	6.58%	1,087.17	87.17	73.70	16.09%	26.11%	10.02%	19.53%
74	2004	6.16%	1,047.92	47.92	65.80	11.37%	24.22%	12.85%	18.06%
75	2005	5.65%	1,060.65	60.65	61.60	12.22%	16.79%	4.57%	11.14%
76	2006	6.07%	951.73	-48.27	56.50	0.82%	20.95%	20.13%	14.88%
77	2007	6.07%	1,000.00	0.00	60.70	6.07%	19.36%	13.29%	13.29%
78	2008	6.53%	949.04	-50.96	60.70	0.97%	-28.99%	-29.96%	-35.52%
80	Mean	6.7%					11.2%	4.5%	4.5%

Source: Bloomberg Web site: Standard & Poors Utility Stock Index % Annual Change, Dec. to Dec.  
Bond yields from Bloomberg

**Exhibit RAM-3 Utility Industry Historical Risk Premium**

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		Utility A-Rated Bond Yield	20 year Maturity Bond Value			Bond Total Return	S&P Utility Index Return	Utility Equity Risk Premium Over Bond Returns	Utility Equity Risk Premium Over Bond Yields
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2	1932	6.46%	850.73	-149.27	51.20	-9.81%	-0.54%	9.27%	-7.00%
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4	1934	5.50%	1,098.72	98.72	63.20	16.19%	-20.41%	-36.60%	-25.91%
5	1935	4.61%	1,115.47	115.47	55.00	17.05%	76.63%	59.58%	72.02%
6	1936	4.08%	1,071.99	71.99	46.10	11.81%	20.69%	8.88%	16.61%
7	1937	3.98%	1,013.70	13.70	40.80	5.45%	-37.04%	-42.49%	-41.02%
8	1938	3.90%	1,011.04	11.04	39.80	5.08%	22.45%	17.37%	18.55%
9	1939	3.52%	1,054.23	54.23	39.00	9.32%	11.26%	1.94%	7.74%
10	1940	3.24%	1,040.98	40.98	35.20	7.62%	-17.15%	-24.77%	-20.39%
11	1941	3.07%	1,025.27	25.27	32.40	5.77%	-31.57%	-37.34%	-34.64%
12	1942	3.09%	997.03	-2.97	30.70	2.77%	15.39%	12.62%	12.30%
13	1943	2.99%	1,014.97	14.97	30.90	4.59%	46.07%	41.48%	43.08%
14	1944	2.97%	1,003.00	3.00	29.90	3.29%	18.03%	14.74%	15.06%
15	1945	2.87%	1,015.14	15.14	29.70	4.48%	53.33%	48.85%	50.46%
16	1946	2.71%	1,024.58	24.58	28.70	5.33%	1.26%	-4.07%	-1.45%
17	1947	2.78%	989.32	-10.68	27.10	1.64%	-13.16%	-14.80%	-15.94%
18	1948	3.02%	964.17	-35.83	27.80	-0.80%	4.01%	4.81%	0.99%
19	1949	2.90%	1,018.11	18.11	30.20	4.83%	31.39%	26.56%	28.49%
20	1950	2.79%	1,016.77	16.77	29.00	4.58%	3.25%	-1.33%	0.46%
21	1951	3.11%	952.61	-47.39	27.90	-1.95%	18.63%	20.58%	15.52%
22	1952	3.24%	980.97	-19.03	31.10	1.21%	19.25%	18.04%	16.01%
23	1953	3.49%	964.23	-35.77	32.40	-0.34%	7.85%	8.19%	4.36%
24	1954	3.16%	1,048.65	48.65	34.90	8.35%	24.72%	16.37%	21.56%
25	1955	3.22%	991.20	-8.80	31.60	2.28%	11.26%	8.98%	8.04%
26	1956	3.56%	951.65	-48.35	32.20	-1.62%	5.06%	6.68%	1.50%
27	1957	4.24%	908.92	-91.08	35.60	-5.55%	6.36%	11.91%	2.12%
28	1958	4.20%	1,005.38	5.38	42.40	4.78%	40.70%	35.92%	36.50%
29	1959	4.78%	925.83	-74.17	42.00	-3.22%	7.49%	10.71%	2.71%
30	1960	4.78%	1,000.00	0.00	47.80	4.78%	20.26%	15.48%	15.48%
31	1961	4.62%	1,020.74	20.74	47.80	6.85%	29.33%	22.48%	24.71%
32	1962	4.54%	1,010.44	10.44	46.20	5.66%	-2.44%	-8.10%	-6.98%
33	1963	4.39%	1,019.83	19.83	45.40	6.52%	12.36%	5.84%	7.97%
34	1964	4.52%	983.00	-17.00	43.90	2.69%	15.91%	13.22%	11.39%
35	1965	4.58%	992.20	-7.80	45.20	3.74%	4.67%	0.93%	0.09%
36	1966	5.39%	901.59	-98.41	45.80	-5.26%	-4.48%	0.78%	-9.87%
37	1967	5.87%	943.94	-56.06	53.90	-0.22%	-0.63%	-0.41%	-6.50%
38	1968	6.51%	928.99	-71.01	58.70	-1.23%	10.32%	11.55%	3.81%
39	1969	7.54%	894.48	-105.52	65.10	-4.04%	-15.42%	-11.38%	-22.96%

40	1970	8.69%	891.81	-108.19	75.40	-3.28%	16.56%	19.84%	7.87%
41	1971	8.16%	1,051.83	51.83	86.90	13.87%	2.41%	-11.46%	-5.75%
42	1972	7.72%	1,044.47	44.47	81.60	12.61%	8.15%	-4.46%	0.43%
43	1973	7.84%	987.98	-12.02	77.20	6.52%	-18.07%	-24.59%	-25.91%
44	1974	9.50%	852.57	-147.43	78.40	-6.90%	-21.55%	-14.65%	-31.05%
45	1975	10.09%	949.69	-50.31	95.00	4.47%	44.49%	40.02%	34.40%
46	1976	9.29%	1,072.11	72.11	100.90	17.30%	31.81%	14.51%	22.52%
47	1977	8.61%	1,064.35	64.35	92.90	15.72%	8.64%	-7.08%	0.03%
48	1978	9.29%	938.71	-61.29	86.10	2.48%	-3.71%	-6.19%	-13.00%
49	1979	10.49%	900.41	-99.59	92.90	-0.67%	13.58%	14.25%	3.09%
50	1980	13.34%	802.50	-197.50	104.90	-9.26%	15.08%	24.34%	1.74%
51	1981	15.95%	843.97	-156.03	133.40	-2.26%	11.74%	14.00%	-4.21%
52	1982	15.86%	1,005.41	5.41	159.50	16.49%	26.52%	10.03%	10.66%
53	1983	13.66%	1,149.59	149.59	158.60	30.82%	20.01%	-10.81%	6.35%
54	1984	14.03%	975.38	-24.62	136.60	11.20%	26.04%	14.84%	12.01%
55	1985	12.47%	1,113.97	113.97	140.30	25.43%	33.05%	7.62%	20.58%
56	1986	9.58%	1,255.25	255.25	124.70	37.99%	28.53%	-9.46%	18.95%
57	1987	10.10%	955.69	-44.31	95.80	5.15%	-2.92%	-8.07%	-13.02%
58	1988	10.49%	967.63	-32.37	101.00	6.86%	18.27%	11.41%	7.78%
59	1989	9.77%	1,062.76	62.76	104.90	16.77%	47.80%	31.03%	38.03%
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61	1991	9.36%	1,044.85	44.85	98.60	14.34%	14.61%	0.27%	5.25%
62	1992	8.69%	1,063.03	63.03	93.60	15.66%	8.10%	-7.56%	-0.59%
63	1993	7.59%	1,112.26	112.26	86.90	19.92%	14.41%	-5.51%	6.82%
64	1994	8.31%	930.36	-69.64	75.90	0.63%	-7.94%	-8.57%	-16.25%
65	1995	7.89%	1,041.91	41.91	83.10	12.50%	42.15%	29.65%	34.26%
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68	1998	7.04%	1,059.61	59.61	76.00	13.56%	14.82%	1.26%	7.78%
69	1999	7.62%	940.94	-59.06	70.40	1.13%	-8.85%	-9.98%	-16.47%
70	2000	8.24%	939.72	-60.28	76.20	1.59%	59.70%	58.11%	51.46%
71	2001	7.78%	1,046.28	46.28	82.40	12.87%	-30.41%	-43.28%	-38.19%
72	2002	7.37%	1,042.55	42.55	77.80	12.03%	-30.04%	-42.07%	-37.41%
73	2003	6.58%	1,087.17	87.17	73.70	16.09%	26.11%	10.02%	19.53%
74	2004	6.16%	1,047.92	47.92	65.80	11.37%	24.22%	12.85%	18.06%
75	2005	5.65%	1,060.65	60.65	61.60	12.22%	16.79%	4.57%	11.14%
76	2006	6.07%	951.73	-48.27	56.50	0.82%	20.95%	20.13%	14.88%
77	2007	6.07%	1,000.00	0.00	60.70	6.07%	19.36%	13.29%	13.29%
78	2008	6.53%	949.04	-50.96	60.70	0.97%	-28.99%	-29.96%	-35.52%
80	Mean	6.7%	Thru 2007 only				11.7%	5.0%	5.0%

Source: Bloomberg Web site: Standard & Poors Utility Stock Index % Annual Change, Dec. to Dec.  
Bond yields from Bloomberg

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5	1935	4.61%	1,115.47	115.47	55.00	17.05%	76.63%	59.58%	72.02%
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8	1938	3.90%	1,011.04	11.04	39.80	5.08%	22.45%	17.37%	18.55%
9	1939	3.52%	1,054.23	54.23	39.00	9.32%	11.26%	1.94%	7.74%
10	1940	3.24%	1,040.98	40.98	35.20	7.62%	-17.15%	-24.77%	-20.39%
11	1941	3.07%	1,025.27	25.27	32.40	5.77%	-31.57%	-37.34%	-34.64%
12	1942	3.09%	997.03	-2.97	30.70	2.77%	15.39%	12.62%	12.30%
13	1943	2.99%	1,014.97	14.97	30.90	4.59%	46.07%	41.48%	43.08%
14	1944	2.97%	1,003.00	3.00	29.90	3.29%	18.03%	14.74%	15.06%
15	1945	2.87%	1,015.14	15.14	29.70	4.48%	53.33%	48.85%	50.46%
16	1946	2.71%	1,024.58	24.58	28.70	5.33%	1.26%	-4.07%	-1.45%
17	1947	2.78%	989.32	-10.68	27.10	1.64%	-13.16%	-14.80%	-15.94%
18	1948	3.02%	964.17	-35.83	27.80	-0.80%	4.01%	4.81%	0.99%
19	1949	2.90%	1,018.11	18.11	30.20	4.83%	31.39%	26.56%	28.49%
20	1950	2.79%	1,016.77	16.77	29.00	4.58%	3.25%	-1.33%	0.46%
21	1951	3.11%	952.61	-47.39	27.90	-1.95%	18.63%	20.58%	15.52%
22	1952	3.24%	980.97	-19.03	31.10	1.21%	19.25%	18.04%	16.01%
23	1953	3.49%	964.23	-35.77	32.40	-0.34%	7.85%	8.19%	4.36%
24	1954	3.16%	1,048.65	48.65	34.90	8.35%	24.72%	16.37%	21.56%
25	1955	3.22%	991.20	-8.80	31.60	2.28%	11.26%	8.98%	8.04%
26	1956	3.56%	951.65	-48.35	32.20	-1.62%	5.06%	6.68%	1.50%
27	1957	4.24%	908.92	-91.08	35.60	-5.55%	6.36%	11.91%	2.12%
28	1958	4.20%	1,005.38	5.38	42.40	4.78%	40.70%	35.92%	36.50%
29	1959	4.78%	925.83	-74.17	42.00	-3.22%	7.49%	10.71%	2.71%
30	1960	4.78%	1,000.00	0.00	47.80	4.78%	20.26%	15.48%	15.48%
31	1961	4.62%	1,020.74	20.74	47.80	6.85%	29.33%	22.48%	24.71%
32	1962	4.54%	1,010.44	10.44	46.20	5.66%	-2.44%	-8.10%	-6.98%
33	1963	4.39%	1,019.83	19.83	45.40	6.52%	12.36%	5.84%	7.97%
34	1964	4.52%	983.00	-17.00	43.90	2.69%	15.91%	13.22%	11.39%
35	1965	4.58%	992.20	-7.80	45.20	3.74%	4.67%	0.93%	0.09%
36	1966	5.39%	901.59	-98.41	45.80	-5.26%	-4.48%	0.78%	-9.87%
37	1967	5.87%	943.94	-56.06	53.90	-0.22%	-0.63%	-0.41%	-6.50%
38	1968	6.51%	928.99	-71.01	58.70	-1.23%	10.32%	11.55%	3.81%
39	1969	7.54%	894.48	-105.52	65.10	-4.04%	-15.42%	-11.38%	-22.96%

40	1970	8.69%	891.81	-108.19	75.40	-3.28%	16.56%	19.84%	7.87%
41	1971	8.16%	1,051.83	51.83	86.90	13.87%	2.41%	-11.46%	-5.75%
42	1972	7.72%	1,044.47	44.47	81.60	12.61%	8.15%	-4.46%	0.43%
43	1973	7.84%	987.98	-12.02	77.20	6.52%	-18.07%	-24.59%	-25.91%
44	1974	9.50%	852.57	-147.43	78.40	-6.90%	-21.55%	-14.65%	-31.05%
45	1975	10.09%	949.69	-50.31	95.00	4.47%	44.49%	40.02%	34.40%
46	1976	9.29%	1,072.11	72.11	100.90	17.30%	31.81%	14.51%	22.52%
47	1977	8.61%	1,064.35	64.35	92.90	15.72%	8.64%	-7.08%	0.03%
48	1978	9.29%	938.71	-61.29	86.10	2.48%	-3.71%	-6.19%	-13.00%
49	1979	10.49%	900.41	-99.59	92.90	-0.67%	13.58%	14.25%	3.09%
50	1980	13.34%	802.50	-197.50	104.90	-9.26%	15.08%	24.34%	1.74%
51	1981	15.95%	843.97	-156.03	133.40	-2.26%	11.74%	14.00%	-4.21%
52	1982	15.86%	1,005.41	5.41	159.50	16.49%	26.52%	10.03%	10.66%
53	1983	13.66%	1,149.59	149.59	158.60	30.82%	20.01%	-10.81%	6.35%
54	1984	14.03%	975.38	-24.62	136.60	11.20%	26.04%	14.84%	12.01%
55	1985	12.47%	1,113.97	113.97	140.30	25.43%	33.05%	7.62%	20.58%
56	1986	9.58%	1,255.25	255.25	124.70	37.99%	28.53%	-9.46%	18.95%
57	1987	10.10%	955.69	-44.31	95.80	5.15%	-2.92%	-8.07%	-13.02%
58	1988	10.49%	967.63	-32.37	101.00	6.86%	18.27%	11.41%	7.78%
59	1989	9.77%	1,062.76	62.76	104.90	16.77%	47.80%	31.03%	38.03%
60	1990	9.86%	992.20	-7.80	97.70	8.99%	-2.57%	-11.56%	-12.43%
61	1991	9.36%	1,044.85	44.85	98.60	14.34%	14.61%	0.27%	5.25%
62	1992	8.69%	1,063.03	63.03	93.60	15.66%	8.10%	-7.56%	-0.59%
63	1993	7.59%	1,112.26	112.26	86.90	19.92%	14.41%	-5.51%	6.82%
64	1994	8.31%	930.36	-69.64	75.90	0.63%	-7.94%	-8.57%	-16.25%
65	1995	7.89%	1,041.91	41.91	83.10	12.50%	42.15%	29.65%	34.26%
66	1996	7.75%	1,014.12	14.12	78.90	9.30%	3.14%	-6.16%	-4.61%
67	1997	7.60%	1,015.30	15.30	77.50	9.28%	24.69%	15.41%	17.09%
68	1998	7.04%	1,059.61	59.61	76.00	13.56%	14.82%	1.26%	7.78%
69	1999	7.62%	940.94	-59.06	70.40	1.13%	-8.85%	-9.98%	-16.47%
70	2000	8.24%	939.72	-60.28	76.20	1.59%	59.70%	58.11%	51.46%
71	2001	7.78%	1,046.28	46.28	82.40	12.87%	-30.41%	-43.28%	-38.19%
72	2002	7.37%	1,042.55	42.55	77.80	12.03%	-30.04%	-42.07%	-37.41%
73	2003	6.58%	1,087.17	87.17	73.70	16.09%	26.11%	10.02%	19.53%
74	2004	6.16%	1,047.92	47.92	65.80	11.37%	24.22%	12.85%	18.06%
75	2005	5.65%	1,060.65	60.65	61.60	12.22%	16.79%	4.57%	11.14%
76	2006	6.07%	951.73	-48.27	56.50	0.82%	20.95%	20.13%	14.88%
77	2007	6.07%	1,000.00	0.00	60.70	6.07%	19.36%	13.29%	13.29%
78	2008	6.53%	949.04	-50.96	60.70	0.97%	-28.99%	-29.96%	-35.52%
80	Mean	6.1%	Past five years:				10.5%	4.2%	4.4%

Source: Bloomberg Web site: Standard & Poors Utility Stock Index % Annual Change, Dec. to Dec.  
Bond yields from Bloomberg

**Exhibit RAM-3 Utility Industry Historical Risk Premium**

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		Utility A-Rated Bond	20 year Maturity Bond			Bond Total	S&P Utility Index	Utility Equity Risk Premium	Utility Equity Risk Premium
Line No.	Year	Yield	Value	Gain/Loss	Interest	Return	Return	Over Bond Returns	Over Bond Yields
1	1931	5.12%	1,000.00						
2	1932	6.46%	850.73	-149.27	51.20	-9.81%	-0.54%	9.27%	-7.00%
3	1933	6.32%	1,015.77	15.77	64.60	8.04%	-21.87%	-29.91%	-28.19%
4	1934	5.50%	1,098.72	98.72	63.20	16.19%	-20.41%	-36.60%	-25.91%
5	1935	4.61%	1,115.47	115.47	55.00	17.05%	76.63%	59.58%	72.02%
6	1936	4.08%	1,071.99	71.99	46.10	11.81%	20.69%	8.88%	16.61%
7	1937	3.98%	1,013.70	13.70	40.80	5.45%	-37.04%	-42.49%	-41.02%
8	1938	3.90%	1,011.04	11.04	39.80	5.08%	22.45%	17.37%	18.55%
9	1939	3.52%	1,054.23	54.23	39.00	9.32%	11.26%	1.94%	7.74%
10	1940	3.24%	1,040.98	40.98	35.20	7.62%	-17.15%	-24.77%	-20.39%
11	1941	3.07%	1,025.27	25.27	32.40	5.77%	-31.57%	-37.34%	-34.64%
12	1942	3.09%	997.03	-2.97	30.70	2.77%	15.39%	12.62%	12.30%
13	1943	2.99%	1,014.97	14.97	30.90	4.59%	46.07%	41.48%	43.08%
14	1944	2.97%	1,003.00	3.00	29.90	3.29%	18.03%	14.74%	15.06%
15	1945	2.87%	1,015.14	15.14	29.70	4.48%	53.33%	48.85%	50.46%
16	1946	2.71%	1,024.58	24.58	28.70	5.33%	1.26%	-4.07%	-1.45%
17	1947	2.78%	989.32	-10.68	27.10	1.64%	-13.16%	-14.80%	-15.94%
18	1948	3.02%	964.17	-35.83	27.80	-0.80%	4.01%	4.81%	0.99%
19	1949	2.90%	1,018.11	18.11	30.20	4.83%	31.39%	26.56%	28.49%
20	1950	2.79%	1,016.77	16.77	29.00	4.58%	3.25%	-1.33%	0.46%
21	1951	3.11%	952.61	-47.39	27.90	-1.95%	18.63%	20.58%	15.52%
22	1952	3.24%	980.97	-19.03	31.10	1.21%	19.25%	18.04%	16.01%
23	1953	3.49%	964.23	-35.77	32.40	-0.34%	7.85%	8.19%	4.36%
24	1954	3.16%	1,048.65	48.65	34.90	8.35%	24.72%	16.37%	21.56%
25	1955	3.22%	991.20	-8.80	31.60	2.28%	11.26%	8.98%	8.04%
26	1956	3.56%	951.65	-48.35	32.20	-1.62%	5.06%	6.68%	1.50%
27	1957	4.24%	908.92	-91.08	35.60	-5.55%	6.36%	11.91%	2.12%
28	1958	4.20%	1,005.38	5.38	42.40	4.78%	40.70%	35.92%	36.50%
29	1959	4.78%	925.83	-74.17	42.00	-3.22%	7.49%	10.71%	2.71%
30	1960	4.78%	1,000.00	0.00	47.80	4.78%	20.26%	15.48%	15.48%
31	1961	4.62%	1,020.74	20.74	47.80	6.85%	29.33%	22.48%	24.71%
32	1962	4.54%	1,010.44	10.44	46.20	5.66%	-2.44%	-8.10%	-6.98%
33	1963	4.39%	1,019.83	19.83	45.40	6.52%	12.36%	5.84%	7.97%
34	1964	4.52%	983.00	-17.00	43.90	2.69%	15.91%	13.22%	11.39%
35	1965	4.58%	992.20	-7.80	45.20	3.74%	4.67%	0.93%	0.09%
36	1966	5.39%	901.59	-98.41	45.80	-5.26%	-4.48%	0.78%	-9.87%
37	1967	5.87%	943.94	-56.06	53.90	-0.22%	-0.63%	-0.41%	-6.50%
38	1968	6.51%	928.99	-71.01	58.70	-1.23%	10.32%	11.55%	3.81%
39	1969	7.54%	894.48	-105.52	65.10	-4.04%	-15.42%	-11.38%	-22.96%



40	1970	8.69%	891.81	-108.19	75.40	-3.28%	16.56%	19.84%	7.87%
41	1971	8.16%	1,051.83	51.83	86.90	13.87%	2.41%	-11.46%	-5.75%
42	1972	7.72%	1,044.47	44.47	81.60	12.61%	8.15%	-4.46%	0.43%
43	1973	7.84%	987.98	-12.02	77.20	6.52%	-18.07%	-24.59%	-25.91%
44	1974	9.50%	852.57	-147.43	78.40	-6.90%	-21.55%	-14.65%	-31.05%
45	1975	10.09%	949.69	-50.31	95.00	4.47%	44.49%	40.02%	34.40%
46	1976	9.29%	1,072.11	72.11	100.90	17.30%	31.81%	14.51%	22.52%
47	1977	8.61%	1,064.35	64.35	92.90	15.72%	8.64%	-7.08%	0.03%
48	1978	9.29%	938.71	-61.29	86.10	2.48%	-3.71%	-6.19%	-13.00%
49	1979	10.49%	900.41	-99.59	92.90	-0.67%	13.58%	14.25%	3.09%
50	1980	13.34%	802.50	-197.50	104.90	-9.26%	15.08%	24.34%	1.74%
51	1981	15.95%	843.97	-156.03	133.40	-2.26%	11.74%	14.00%	-4.21%
52	1982	15.86%	1,005.41	5.41	159.50	16.49%	26.52%	10.03%	10.66%
53	1983	13.66%	1,149.59	149.59	158.60	30.82%	20.01%	-10.81%	6.35%
54	1984	14.03%	975.38	-24.62	136.60	11.20%	26.04%	14.84%	12.01%
55	1985	12.47%	1,113.97	113.97	140.30	25.43%	33.05%	7.62%	20.58%
56	1986	9.58%	1,255.25	255.25	124.70	37.99%	28.53%	-9.46%	18.95%
57	1987	10.10%	955.69	-44.31	95.80	5.15%	-2.92%	-8.07%	-13.02%
58	1988	10.49%	967.63	-32.37	101.00	6.86%	18.27%	11.41%	7.78%
59	1989	9.77%	1,062.76	62.76	104.90	16.77%	47.80%	31.03%	38.03%
60	1990	9.86%	992.20	-7.80	97.70	8.99%	-2.57%	-11.56%	-12.43%
61	1991	9.36%	1,044.85	44.85	98.60	14.34%	14.61%	0.27%	5.25%
62	1992	8.69%	1,063.03	63.03	93.60	15.66%	8.10%	-7.56%	-0.59%
63	1993	7.59%	1,112.26	112.26	86.90	19.92%	14.41%	-5.51%	6.82%
64	1994	8.31%	930.36	-69.64	75.90	0.63%	-7.94%	-8.57%	-16.25%
65	1995	7.89%	1,041.91	41.91	83.10	12.50%	42.15%	29.65%	34.26%
66	1996	7.75%	1,014.12	14.12	78.90	9.30%	3.14%	-6.16%	-4.61%
67	1997	7.60%	1,015.30	15.30	77.50	9.28%	24.69%	15.41%	17.09%
68	1998	7.04%	1,059.61	59.61	76.00	13.56%	14.82%	1.26%	7.78%
69	1999	7.62%	940.94	-59.06	70.40	1.13%	-8.85%	-9.98%	-16.47%
70	2000	8.24%	939.72	-60.28	76.20	1.59%	59.70%	58.11%	51.46%
71	2001	7.78%	1,046.28	46.28	82.40	12.87%	-30.41%	-43.28%	-38.19%
72	2002	7.37%	1,042.55	42.55	77.80	12.03%	-30.04%	-42.07%	-37.41%
73	2003	6.58%	1,087.17	87.17	73.70	16.09%	26.11%	10.02%	19.53%
74	2004	6.16%	1,047.92	47.92	65.80	11.37%	24.22%	12.85%	18.06%
75	2005	5.65%	1,060.65	60.65	61.60	12.22%	16.79%	4.57%	11.14%
76	2006	6.07%	951.73	-48.27	56.50	0.82%	20.95%	20.13%	14.88%
77	2007	6.07%	1,000.00	0.00	60.70	6.07%	19.36%	13.29%	13.29%
78	2008	6.53%	949.04	-50.96	60.70	0.97%	-28.99%	-29.96%	-35.52%
80	Mean	6.8%	Past ten years:				6.9%	-0.6%	0.1%

Source: Bloomberg Web site: Standard & Poors Utility Stock Index % Annual Change, Dec. to Dec.  
Bond yields from Bloomberg

**Exhibit RAM-3 Utility Industry Historical Risk Premium**

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		Utility A-Rated Bond Yield	20 year Maturity Bond Value	Gain/Loss	Interest	Bond Total Return	S&P Utility Index Return	Utility Equity Risk Premium Over Bond Returns	Utility Equity Risk Premium Over Bond Yields
Line No.	Year								
1	1931	5.12%	1,000.00						
2	1932	6.46%	850.73	-149.27	51.20	-9.81%	-0.54%	9.27%	-7.00%
3	1933	6.32%	1,015.77	15.77	64.60	8.04%	-21.87%	-29.91%	-28.19%
4	1934	5.50%	1,098.72	98.72	63.20	16.19%	-20.41%	-36.60%	-25.91%
5	1935	4.61%	1,115.47	115.47	55.00	17.05%	76.63%	59.58%	72.02%
6	1936	4.08%	1,071.99	71.99	46.10	11.81%	20.69%	8.88%	16.61%
7	1937	3.98%	1,013.70	13.70	40.80	5.45%	-37.04%	-42.49%	-41.02%
8	1938	3.90%	1,011.04	11.04	39.80	5.08%	22.45%	17.37%	18.55%
9	1939	3.52%	1,054.23	54.23	39.00	9.32%	11.26%	1.94%	7.74%
10	1940	3.24%	1,040.98	40.98	35.20	7.62%	-17.15%	-24.77%	-20.39%
11	1941	3.07%	1,025.27	25.27	32.40	5.77%	-31.57%	-37.34%	-34.64%
12	1942	3.09%	997.03	-2.97	30.70	2.77%	15.39%	12.62%	12.30%
13	1943	2.99%	1,014.97	14.97	30.90	4.59%	46.07%	41.48%	43.08%
14	1944	2.97%	1,003.00	3.00	29.90	3.29%	18.03%	14.74%	15.06%
15	1945	2.87%	1,015.14	15.14	29.70	4.48%	53.33%	48.85%	50.46%
16	1946	2.71%	1,024.58	24.58	28.70	5.33%	1.26%	-4.07%	-1.45%
17	1947	2.78%	989.32	-10.68	27.10	1.64%	-13.16%	-14.80%	-15.94%
18	1948	3.02%	964.17	-35.83	27.80	-0.80%	4.01%	4.81%	0.99%
19	1949	2.90%	1,018.11	18.11	30.20	4.83%	31.39%	26.56%	28.49%
20	1950	2.79%	1,016.77	16.77	29.00	4.58%	3.25%	-1.33%	0.46%
21	1951	3.11%	952.61	-47.39	27.90	-1.95%	18.63%	20.58%	15.52%
22	1952	3.24%	980.97	-19.03	31.10	1.21%	19.25%	18.04%	16.01%
23	1953	3.49%	964.23	-35.77	32.40	-0.34%	7.85%	8.19%	4.36%
24	1954	3.16%	1,048.65	48.65	34.90	8.35%	24.72%	16.37%	21.56%
25	1955	3.22%	991.20	-8.80	31.60	2.28%	11.26%	8.98%	8.04%
26	1956	3.56%	951.65	-48.35	32.20	-1.62%	5.06%	6.68%	1.50%
27	1957	4.24%	908.92	-91.08	35.60	-5.55%	6.36%	11.91%	2.12%
28	1958	4.20%	1,005.38	5.38	42.40	4.78%	40.70%	35.92%	36.50%
29	1959	4.78%	925.83	-74.17	42.00	-3.22%	7.49%	10.71%	2.71%
30	1960	4.78%	1,000.00	0.00	47.80	4.78%	20.26%	15.48%	15.48%
31	1961	4.62%	1,020.74	20.74	47.80	6.85%	29.33%	22.48%	24.71%
32	1962	4.54%	1,010.44	10.44	46.20	5.66%	-2.44%	-8.10%	-6.98%
33	1963	4.39%	1,019.83	19.83	45.40	6.52%	12.36%	5.84%	7.97%
34	1964	4.52%	983.00	-17.00	43.90	2.69%	15.91%	13.22%	11.39%
35	1965	4.58%	992.20	-7.80	45.20	3.74%	4.67%	0.93%	0.09%
36	1966	5.39%	901.59	-98.41	45.80	-5.26%	-4.48%	0.78%	-9.87%
37	1967	5.87%	943.94	-56.06	53.90	-0.22%	-0.63%	-0.41%	-6.50%
38	1968	6.51%	928.99	-71.01	58.70	-1.23%	10.32%	11.55%	3.81%
39	1969	7.54%	894.48	-105.52	65.10	-4.04%	-15.42%	-11.38%	-22.96%

40	1970	8.69%	891.81	-108.19	75.40	-3.28%	16.56%	19.84%	7.87%
41	1971	8.16%	1,051.83	51.83	86.90	13.87%	2.41%	-11.46%	-5.75%
42	1972	7.72%	1,044.47	44.47	81.60	12.61%	8.15%	-4.46%	0.43%
43	1973	7.84%	987.98	-12.02	77.20	6.52%	-18.07%	-24.59%	-25.91%
44	1974	9.50%	852.57	-147.43	78.40	-6.90%	-21.55%	-14.65%	-31.05%
45	1975	10.09%	949.69	-50.31	95.00	4.47%	44.49%	40.02%	34.40%
46	1976	9.29%	1,072.11	72.11	100.90	17.30%	31.81%	14.51%	22.52%
47	1977	8.61%	1,064.35	64.35	92.90	15.72%	8.64%	-7.08%	0.03%
48	1978	9.29%	938.71	-61.29	86.10	2.48%	-3.71%	-6.19%	-13.00%
49	1979	10.49%	900.41	-99.59	92.90	-0.67%	13.58%	14.25%	3.09%
50	1980	13.34%	802.50	-197.50	104.90	-9.26%	15.08%	24.34%	1.74%
51	1981	15.95%	843.97	-156.03	133.40	-2.26%	11.74%	14.00%	-4.21%
52	1982	15.86%	1,005.41	5.41	159.50	16.49%	26.52%	10.03%	10.66%
53	1983	13.66%	1,149.59	149.59	158.60	30.82%	20.01%	-10.81%	6.35%
54	1984	14.03%	975.38	-24.62	136.60	11.20%	26.04%	14.84%	12.01%
55	1985	12.47%	1,113.97	113.97	140.30	25.43%	33.05%	7.62%	20.58%
56	1986	9.58%	1,255.25	255.25	124.70	37.99%	28.53%	-9.46%	18.95%
57	1987	10.10%	955.69	-44.31	95.80	5.15%	-2.92%	-8.07%	-13.02%
58	1988	10.49%	967.63	-32.37	101.00	6.86%	18.27%	11.41%	7.78%
59	1989	9.77%	1,062.76	62.76	104.90	16.77%	47.80%	31.03%	38.03%
60	1990	9.86%	992.20	-7.80	97.70	8.99%	-2.57%	-11.56%	-12.43%
61	1991	9.36%	1,044.85	44.85	98.60	14.34%	14.61%	0.27%	5.25%
62	1992	8.69%	1,063.03	63.03	93.60	15.66%	8.10%	-7.56%	-0.59%
63	1993	7.59%	1,112.26	112.26	86.90	19.92%	14.41%	-5.51%	6.82%
64	1994	8.31%	930.36	-69.64	75.90	0.63%	-7.94%	-8.57%	-16.25%
65	1995	7.89%	1,041.91	41.91	83.10	12.50%	42.15%	29.65%	34.26%
66	1996	7.75%	1,014.12	14.12	78.90	9.30%	3.14%	-6.16%	-4.61%
67	1997	7.60%	1,015.30	15.30	77.50	9.28%	24.69%	15.41%	17.09%
68	1998	7.04%	1,059.61	59.61	76.00	13.56%	14.82%	1.26%	7.78%
69	1999	7.62%	940.94	-59.06	70.40	1.13%	-8.85%	-9.98%	-16.47%
70	2000	8.24%	939.72	-60.28	76.20	1.59%	59.70%	58.11%	51.46%
71	2001	7.78%	1,046.28	46.28	82.40	12.87%	-30.41%	-43.28%	-38.19%
72	2002	7.37%	1,042.55	42.55	77.80	12.03%	-30.04%	-42.07%	-37.41%
73	2003	6.58%	1,087.17	87.17	73.70	16.09%	26.11%	10.02%	19.53%
74	2004	6.16%	1,047.92	47.92	65.80	11.37%	24.22%	12.85%	18.06%
75	2005	5.65%	1,060.65	60.65	61.60	12.22%	16.79%	4.57%	11.14%
76	2006	6.07%	951.73	-48.27	56.50	0.82%	20.95%	20.13%	14.88%
77	2007	6.07%	1,000.00	0.00	60.70	6.07%	19.36%	13.29%	13.29%
78	2008	6.53%	949.04	-50.96	60.70	0.97%	-28.99%	-29.96%	-35.52%
80	Mean	7.6%	Past twenty years:				11.4%	1.6%	3.8%

Source: Bloomberg Web site: Standard & Poors Utility Stock Index % Annual Change, Dec. to Dec.  
Bond yields from Bloomberg

Company Name: Con Edison  
Case Description: 2009 Electric Rate Filing  
Case: 09-E-0428

Response to DPS Interrogatories – Set DPS36  
Date of Response: 07/29/2009  
Responding Witness: Hoglund

Question No. :339

Subject: Common Equity Issuances - On page 7 of your pre-filed testimony you state that “utilities have been able to issue new common shares though at markedly lower prices than prevailed a year or more ago.” Provide the data upon which this conclusion is based, including the transaction costs associated with these issuances.

Response:

See the attachment which details 2009 utility stock issuance.

DPS36 Question 339

Pricing Date	Issuer	Offer Price	2Q08 Average Closing Price	Change in Price from 2Q08 Average Closing Price	Proceeds (\$mm)	Gross Spread <sup>1</sup>
5/20/2009	UIL Holdings Corp	\$21.00	\$ 31.25	-32.8%	\$ 97	-5.00%
5/20/2009	Unitil Corp	20.00	27.53	-27.4%	54	-5.25%
5/12/2009	Great Plains Energy Inc.	14.00	25.89	-45.9%	161	-3.50%
4/1/2009	American Electric Power Co. Inc.	24.50	43.09	-43.1%	1,691	-3.00%
3/16/2009	Northeast Utilities	20.20	26.38	-23.4%	383	-3.25%
3/5/2009	Portland General Electric Co.	14.10	23.62	-40.3%	176	-3.50%
1/7/2009	Progress Energy Inc.	37.50	42.35	-11.5%	539	-3.00%
			<b>Average</b>	<b>-32.1%</b>		<b>-3.79%</b>

<sup>1</sup> Gross spread represents underwriting costs