less weight, if any.

Q. Do you see any dangers in relying <u>heavily</u> on Value Line as a~~n~~ ~~exclusive~~ source of forecasts in applying the DCF model?

A. Yes. As discussed earlier, one would expect that averages of analysts' growth forecasts, such as those contained in First Call and/or Zacks, are more reliable estimates of investors' consensus expectations than one particular firm's forecast.

Q. What does the published academic literature say on the subject of growth rates in the DCF model?

A. As discussed earlier, published studies in the academic literature demonstrate that (i) analysts' growth rate forecasts are reasonable indicators of investor expectations and (ii) investors rely on such forecasts

Q. Are investors expecting growth rates equal to Mr. Parcell's range?

A. No. The best evidence shows that investors are expecting growth rates higher than Mr. Parcell has found. For his first, and preferred, group of utilities, Mr. Parcell has found median growth rates ranging from 2.3% to 5.8%, with a mean of only 3.5%. *See* Exhibit No. DCP-11 at page 4.

As indicated in Section II.B. above, the retention growth estimate should be discarded from the analysis and historical growth rates should be given considerably less weight, which leaves us with the Value Line growth forecast of 5.0% and the consensus analyst forecast of 5.8%, that is a range of 5.0% - 5.8%