

Combining the expected dividend of \$1.28 per share and a market price ~~range~~ of \$20.110 to \$29.00 **\$20.00** per share produces an approximate expected dividend yield of ~~5.50~~ **6.4** percent. This is the dividend yield I used as the yield portion (D_1/P_0) in the DCF model.

Q. Please summarize the results of your expected dividend yield and growth rate analysis for the DCF return on equity for Empire.

A. The summarize DCF cost of equity estimate for Empire is presented as follows:

<u>Yield (D_1/P_0)</u>	+	<u>Growth Rate (g)</u>	=	<u>Cost of Equity (k)</u>
5.50% 6.4%	+	3.00% 5% ¹	=	8.50% 9.4% 11.4%
5.50% 6.4%	+	4.00% 6.5% ¹	=	9.50% 10.4% 12.9%

This range of return on common equity of ~~8.50~~ **9.4** **11.4** to ~~9.50~~ **10.4** **12.9** percent is the company specific cost of equity range for Empire (see Schedule 15).

company changes to
Direct Testimony of Roberta A. McKiddy page 24.

Exhibit No. 104
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Reporter KF

¹Source - McKiddy Direct Testimony Schedule 23 proposed range of growth for the nine comparable electric utility companies