book ratios over 170 percent. As a result, it is apparent that authorized returns below this level would continue to result in market-to-book ratios of well above 100 percent. An earned return of 9.5 percent to 10.5 percent should thus result in a market-to-book ratio well above 100 percent. As I indicated earlier, the fact that market-to-book ratios substantially exceed 100 percent indicates that historic and prospective returns of over 10.5 percent reflect earnings levels that are well above the actual cost of equity for those regulated companies. I also note that a company whose stock sells above book value can attract capital in a way that enhances the book value of existing stockholders, thus creating a favorable environment for financial integrity.

XI. RETURN ON EQUITY RECOMMENDATION

Q. PLEASE SUMMARIZE THE RESULTS OF YOUR THREE COE ANALYSES.

A. My three analyses produce the following:

DCF	9.0-10.0%	(9.5% midpoint)
CAPM	8.1-8.2%	(8.15% midpoint)
CE	9.5-10.5%	(10.0% mid-point)

These results indicate an overall broad range of 8.0 percent to 10.5 percent, which focuses on the respective ranges of my individual model results. Focusing on the respective midpoints, the range is 8.15 percent to 10.0 percent. I recommend a COE range of 9.5 percent to 10.0 percent for UWPA. Though this recommendation is higher than my CAPM findings, it includes the mid-point of my DCF range (9.5 percent) and the mid-point of my CE range (10.0 percent). For the purposes of this proceeding, I recommend the mid-point of this range, which is 9.75 percent. Recognizing that this Commission places primary reliance on DCF results in determining a utility's COE, I note that the 9.75 percent recommended cost of equity is above the DCF mid-point value.