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AUS CONSULTANTS INVITED TO PRESENT STUDY....

Mount Laurel, NJ (April 13, 2010) - AUS Consultants, a leading financial consulting firm for the utility industry, was invited to present the findings of its latest study entitled ***“A New Model to Estimating the Equity Risk Premium for Public Utilities”*** at the Spring 2010 Meeting of the Staff Subcommittee on Accounting and Finance of the National Association of Regulatory Utility Commissioners in Charleston, SC on March 17, 2010.

The AUS study was presented by Pauline M. Ahern, CRRA, Principal of AUS Consultants and Richard A. Michelfelder, Ph.D., Managing Consultant of AUS Consultants and Assistant Professor of Finance at Rutgers University, School of Business – Camden. The study was co-authored by Ms. Ahern, Frank J. Hanley, CRRA, Principal and Director of AUS Consultants and Dr. Michelfelder.

The study empirically tests a recently developed general “consumption” based asset pricing model which estimates the risk / return relationship directly. The study also produces a prediction of the equity risk premium (ERP) which is driven by the prediction of volatility (risk). The co-authors have named the model the PRPM™ which stands for the Predictive Risk Premium Model. Ms. Ahern noted that “the PRPM™ uses historical stock returns relative to historical bond yields to predict the ERP and can be applied to provide information for estimating the cost of common equity and the allowed rate of return for utilities. It supplements traditional Discounted Cash Flow, Risk Premium and Capital Asset Pricing models.” According to Dr. Michelfelder, “AUS is still testing the PRPM™ and the results are promising for estimating the cost of common equity, including setting the allowed cost of common equity for public utilities in regulatory proceedings.”

Both experts observed that the model's usefulness is not limited to estimating the equity risk premium for public utilities; it may be generalized to estimate the equity risk premium for any asset.

The presentation may be accessed through the following URL:

http://www.ausinc.com/news/New_Model_for_Estimating_the_Equity_Risk_Premium_for_Public_Utilities.pdf

AUS Consultants is a subsidiary of AUS Inc., which is a Mount Laurel, New Jersey-based global market research and consulting firm. Founded in 1967, AUS provides its clients with a wide range of sophisticated market research, systems, and consulting services. AUS Consultants includes experienced teams of economists, engineers, public utility rate specialists and valuation professionals.