Q.   (Re: p. 26, lines 4-6)
Dr. Kalymon makes a downward adjustment of 75 basis points to his comparable earnings test for the lower risk of regulated investments versus the industrials.

Please provide quantitative justification for this adjustment.

A.   The basis of this adjustment is discussed on pages 25-26 of the testimony. It relates two factors, the lower Beta levels of the industrial sample and the significantly higher payout ratio of the utility sample.