**Q. For the US companies listed in JMC-10 with historic test years can Mr. Coyne provide his judgment on whether historic test years are riskier than forward test years and the frequency of review for the firms on historic test years?**

A. In Mr. Coyne's view, forward test years are incrementally lower risk than historic test years because historic test years can result in more regulatory lag and earnings attrition. However, regulators in most U.S. jurisdictions allow known and measurable adjustments to historic test years that occur within a specified time period (normally six to twelve months after the end of the test year). These adjustments help reduce regulatory lag.

Companies on historic test years in the U.S. generally file a rate case every three to five years, based on Mr. Coyne's experience, which is similar to the frequency of filings by companies using forecast test years. The period of review is determined by specific agreement reached in the prior decision, or based on the determination by the utility that a rate increase is required, or a determination by the commission that a rate investigation is warranted.