

1 **Q. Reference Page 30, Lines 628-630**

2

3 **Please explain what Mr. Cicchetti's understanding of the fair value method is**
4 **and how it differs from the original cost method.**

5

6 **A.** The fair value method attempts to compensate investors for general price level
7 increases. The fair value method differs from the original cost method mainly in
8 the determination of the value of the rate base.