

- 1 **Q.** Please provide any academic studies, articles, or documentation relied on by Ms.
2 McShane indicating the need for an allowance for “...a margin, or cushion, for
3 *unanticipated capital market conditions; and (3) recognition of the ‘fairness’*
4 *principle.*” As cited by Ms. McShane on page 65, lines 1630-1631 of her testimony.
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- 6 **A.** The adjustment is not grounded in academic studies or articles, as the basis for such an
7 adjustment is unique to utilities regulated on the basis of historical or original cost. A full
8 discussion of the rationale for the adjustment is found in Appendix E of Ms. McShane’s
9 testimony.