

- 1 **Q. Evidence of Ms. McShane Background Pages 4 – 6: Please confirm that as a low**
2 **risk investment a 4.79% utility risk premium implies a much higher market risk**
3 **premium.**
4
5 A. Confirmed that, in the context of the CAPM, a 4.79% utility risk premium (which
6 includes a 0.50% allowance for financing flexibility), implies a higher market risk
7 premium.