

1 **Q. Evidence of Kathleen McShane – Appendix “B”, “Selection of U.S. Low Risk Utility**
2 **Sample.”: For each of Ms. McShane’s U.S. companies in her “U.S. Low Risk Utility**
3 **Sample” she provides a block called “Percentage of Assets in Utility Operations”.**
4 **Ms. McShane also states at p. B-1 that her U.S. sample companies have “Utility**
5 **assets equal to or greater than 80% of total assets”. Please explain the reasons why**
6 **the proportion of non-regulated business was a factor for Ms. McShane in**
7 **constructing her sample.**

8
9 A. As unregulated operations can expose a company to greater business risk than regulated
10 operations, Ms. McShane concentrated on companies with a relatively small proportion
11 of unregulated operations.