

1 **Q. McShane Evidence – Please confirm that utilities with a significant industrial base**
2 **of customers face higher business risk on that criterion than those less dependent**
3 **upon industrial customers and please explain why that is the case.**
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5 A. On that criterion alone, yes, as industrial customers can expose the utility to greater
6 counterparty risk and higher earnings volatility. The extent to which that is the case
7 depends on many factors, including the nature and diversity of the customers, contractual
8 arrangements, security required from customers and rate design.