

1 **Q. McShane Evidence – Are each of the companies in Ms. McShane’s sample all of**
2 **equal risk to the equity investor? Please explain why or why not, as applicable.**

3
4 A. They would be viewed by an equity investor as of reasonably comparable equity risk, but
5 not necessarily identical equity risk. Not only does each company have its own unique
6 qualitative characteristics, but there are differences among the utilities in terms of the
7 objective (e.g., debt ratings, betas, *Value Line* safety ranks) that may result in equity
8 investors perceiving some equity risk differences among them.