

1 **Q. If, as is suggested in Appendix C, the empirical determination that $a = 0.25$ is**
2 **derived from data for the period 1926 – 1984, please explain in as much detail as**
3 **possible why it is still appropriate to rely on this finding today.**
4

5 A. At page 20 *et. seq.* of Appendix C, the results of two studies of Dr. Morin are presented
6 which confirm the continued appropriateness of the finding. The first study was
7 concluded in 2000 (described at pp. 21 to 22 of Appendix C) and the second was
8 concluded in 2002 (described at pp. 22 to 23 of Appendix C).
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10 More general information on this issue can be found in Chapter 13 of Dr. Morin's text
11 *Regulatory Finance: Utilities' Cost of Capital* which is provided in Attachment A.