Instead, the two-step test recognizes that shareholders are the owners of the utility's assets, but a regulatory scheme can require ratepayers to compensate the owners for the loss in the value of their assets. If the regulatory scheme obligates ratepayers to compensate owners for capital losses on particular assets, then equity dictates that ratepayers be entitled to the gain on the same asset as compensation ~~compensating~~ for bearing the risk of the capital loss.

There is also a time dimension involved. The principles recognize that the risk of capital loss can shift over time. Consequently, the shifting of risk of capital loss over time must be evaluated to allocate the gain and thereby protect the interests of both shareholders and ratepayers.

Only if it is difficult to determine who bore the risk of capital loss on the assets does the question of who bore the financial burden of the regulatory activity come into play. Under the principles of *DCC* and *IPTA*, if the risk of loss is difficult to determine, then the gain is allocated based on the equitable principle that the gain belongs to whomever bore the financial burden of the utility activity that was supported by the utility assets that the owners are selling.

The principles incorporated into *DCC* and *IPTA* in no way support an argument that ratepayers should receive the gain on a sale of assets the owners are selling because the ratepayers are losing the subsidy that those assets provided. The equities lie vividly in support of the opposite conclusion. If those who received the subsidy were entitled to the gain, it would not be under the principles of equity upon which *DCC* and *IPTA* rely, but despite them.