

Data Requests for Dr. Laurence D. Booth

1. RE: Dr. Booth Evidence, Page 33, Lines 17-19

If Dr. Booth believes that risk is constantly changing and so too are beta coefficients, please explain why Dr. Booth has consistently used beta coefficients Canadian utilities of 0.45-0.55 in his application of the CAPM.

Does Dr. Booth agree that changes in risk imply changes in beta coefficients?

2. RE: Dr. Booth's Evidence, Page 37, Lines 21-22

What is the average Canadian market return and the average LTC yield used to compute the historical market risk premium of 5.0% to 6.0% in Canada?

3. RE: Dr. Booth's Evidence, Page 37, Lines 21-22

Does Dr. Booth believe that the market risk premium varies with the level of interest rates, or is it static regardless of the LTC yield? Please provide any evidence or rationale used to support your response.

4. Reference: Dr. Booth's Evidence, Page 40, Lines 16-17

Please provide the referenced 2013 article from Michelfelder and Theodossiou.

5. RE: Pages 43 and 47 of Dr. Booth's Expert Report and Appendix D

On page 47 of his report, Dr. Booth has adjusted the risk-free rate in his CAPM analysis of 2.65 percent to account for higher credit spreads (33 basis points) and on page 47 he has adjusted the risk-free rate for bond buying by central banks (80 basis points).

- a) Please explain any adjustments that Dr. Booth has made to his DCF analysis in Appendix D to account for higher credit spreads and/or bond buying by central banks.
- b) If no adjustments were made for these factors, please explain why not.
- c) How would a risk-free rate of 3.78 percent affect the share prices and dividend yields of utility stocks in Canada?

6. RE: Dr. Booth's Evidence, Page 45, Lines 8-9

Please provide the referenced RBC forecast.

7. RE: Dr. Booth's Evidence, Page 63, Line 7-9

Please identify any authorized equity returns for investor owned utilities in Canada as low as Dr. Booth's ROE recommendation of 7.50 percent?

If there are no returns in Canada as low as Dr. Booth's recommendation, please explain how his ROE recommendation of 7.50 percent meets the comparable return requirements of the Fair Return Standard.

8. RE: Dr. Booth's Evidence, Page 65, Lines 4-5

In Dr. Booth's opinion, what role, if any, does sound financial management play in the ability of Maritime Electric to consistently earn its authorized ROE?

9. RE: Dr. Booth's Evidence, Appendix C, Page 2, Lines 12-13

Given Dr. Booth's position that "the risk of a firm or industry changes much more than the overall risk of the market," how does he support his consistent use of a beta coefficient from 0.45 to 0.55 for regulated utilities?

10. RE: Dr. Booth's Evidence, Appendix D, Page 4, Line 26 through Page 5, Line 2.

Please explain in detail why Dr. Booth believes that for non-regulated firms and utility holding companies, the underlying assumptions of the DCF model are frequently violated.

11. RE: Dr. Booth's Evidence, Appendix D, Page 8, Lines 6-7

Please provide the average projected earnings per share growth rates for the companies in the TSX index for the next five years.

How would Dr. Booth's DCF analysis of the market change for Canada if he used average projected EPS growth rates for the TSX companies rather than historic growth in dividends and after-tax profits since 1956?

12. RE: Dr. Booth Evidence, Appendix D, Page 18, lines 10-11

Dr. Booth notes that EPS for US companies has grown at 6.24% per year since 1967. What has been the average dividend yield over this same time period for these US companies?.

13. RE: Appendix D, Schedule 17 of Dr. Booth's Expert Report

Please provide the following information:

- a) The specific sources that Dr. Booth relied on for the information contained in each column of Schedule 17;
- b) For the sustainable growth rate calculation, please provide:
 - 1) The data underlying the sustainable growth rate for each company listed in Schedule 17 in electronic, executable format with all formulas intact;
 - 2) The time period used to compute the sustainable growth rates in Schedule 17.