1   Q.   Reference: Dr. Booth Evidence, Page 37, Lines 18-20: If Dr. Booth believes

2   that risk is constantly changing and so too are beta coefficients, please explain why

3   Dr. Booth holds beta coefficients constant for Canadian utilities at 0.45-0.55 in his

4   application of the CAPM.

5

6   A.   Beta is a statistical estimate of past risk reflects whatever happened during that

7   estimation window. Unless the past replicates itself perfectly that risk measure is not a

8   reflection of future risk, which is what is important. This is precisely why Dr. Booth does

9   not change his risk assessment of a typical Canadian utility and has used the range of

10   0.45-0.55 for a long period of time.