

1  
2  
3 **Q. Reference: Page 49, Lines 16-19**  
4

5 **Why did Dr. Booth not use a “margin of error” similar to that described in his evidence**  
6 **in this proceeding in evidence on a fair return for an Alberta utility which was filed**  
7 **before the Alberta Utilities Commission in March 2009?**  
8  
9

10 **A.** Dr. Booth only introduced his margin of error after the Fernandez article indicated the results  
11 of a survey of worldwide finance professors. This survey indicated that Canadian finance  
12 professors by and large felt the market risk premium was either 5% or 6% with a few in the  
13 tails of the distribution with extreme estimates. Dr. Booth tried to use this information in his  
14 opening statement before the AUC, but was prevented by counsel for ATCO that felt it was  
15 new information since the survey came out after Dr. Booth prepared his testimony.  
16

17 Dr. Booth believes that it is important to put all ROE recommendations into perspective by  
18 comparing them with the views of professionals in the field.  
19  
20