Q. Has Dr. Booth tested the betas used in his analyses, including those on page 35 of his testimony, for statistical significance? If so, please provide the results of those tests and his interpretations of those results.

- A. Dr. Booth estimates his betas using the standard definition of the covariance of the dependent with the independent variable divided by the population variance of the independent variable. These are estimated directly in a spreadsheet every month on a rolling basis as is described in his testimony. He does not collect any statistical data such as R squared or T statistics since he estimates several hundred values. He does periodically spot check the betas and they are almost always significant at standard 1% levels.
- Dr. Booth places primary reliance on the observation of any trend and understanding the economics that generated the values in the first place. If the estimates were random there would not be any statistical clustering or trend.