

1 **Q. Reference: Page 48, Lines 16-17 and Page 49, Lines 1-4**

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3 **"The BCUC's 2009 decision is a bit of an outlier. For their direct risk premium**  
4 **estimate they stated (Decision, Dec 16, 2009 page 60)**

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6 **The Commission Panel establishes a CAPM estimate by using the Consensus**  
7 **estimate of 4.30 percent for the risk free rate, establishing an equity market premium**  
8 **in the range of the consensus estimate of Canadian professors of finance of 5**  
9 **percent to 6 percent, and using an adjusted beta in the range of 0.60 to 0.66. This**  
10 **produces a "bare-bones" CAPM estimate in the range of 7.30 percent to 8.30 percent**  
11 **before an allowance for financing flexibility. This produces a "bare-bones" CAPM**  
12 **estimate in the range of 7.30 percent to 8.30 percent before an allowance for**  
13 **financing flexibility.**

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15 **To all intents and purposes this is very similar to that of the AUC, Regie, and the**  
16 **Board of Commissioners of Newfoundland and Labrador except for the relatively**  
17 **high risk assessment (beta) placed on Terasen Gas Inc (TGI) of 0.60-0.66."**

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19 **Please confirm that in arriving at its 9.5% ROE for TGI it gave "most weight to the**  
20 **DCF approach, lesser weight to the ERP and CAPM approaches and a very small**  
21 **amount of weight to the CE approach."**

22  
23 **A. Correct, as Dr. Booth remarked that decision of the BCUC was "a bit of an outlier."**