

1 **Q. Reference: page 52, lines 15-16**

2
3 **“At the current point in time “A” spreads are at 180 bps or 80bps more than normal**
4 **or average for the business cycle.”**

5
6 **Please confirm that Dr. Booth is recommending that the PUB use the Bloomberg A**
7 **rated utility series C29530Y in the operation of his recommended formula. If not,**
8 **please explain what Dr. Booth is recommending to track “A” spreads in his formula.**
9

10 **A.** Except for the worst of the financial crisis the generic A and Bloomberg utility A spreads
11 have moved together. In Dr. Booth’s judgement changing the ROE by 50% of the change in
12 these spreads will generally only result in marginally different ROEs by using the two
13 different series. The generic A yields have the advantage of a long time series and are
14 actual yields. The Bloomberg yields have the advantage of being utility yields. For
15 consistency with the OEB and Regie Dr. Booth would recommend the use of the Bloomberg
16 utility yields to calculate the spreads, but making the adjustment is more important than
17 which series to use.