

1 **Q. Reference: page 70, lines 13 to 16**

2
3 **“Apart from the Regie which adopted my recommended formula, the OEB adopted a**
4 **similar formula with a 50% adjustment to changes in the forecast long term Canada**
5 **yield instead of 75%. The OEB also tied the credit spread to the Bloomberg utility**
6 **yield and not the generic A spread.”**

7
8 **Please confirm that when the OEB reviewed its ROE formula in 2009, it concluded the**
9 **following in its Report of the Board on the Cost of Capital for Ontario’s Regulated**
10 **Utilities (Decision EB-2009-0084) at page 36:**

11
12 **"the use of multiple tests to directly and indirectly estimate the ERP is a superior**
13 **approach to informing its judgment than reliance on a single methodology."**
14 **(emphasis in original)**

15
16 **A. Confirmed, but also note that in 2004 the OEB (RP-2002-0158) also stated (paragraphs**
17 **133 and 134)**

18
19 **“As a result of the above, we reiterate the Board’s conclusions reached when it developed**
20 **the existing ROE Guidelines that the results from the CE and DCF tests should be given**
21 **little or no weight for purposes of these applications.**

22
23 **We do not accept the suggestions by certain parties to use the approach of averaging the**
24 **recommendations or to embark on tests that do not have theoretical foundation. Therefore**
25 **for the purposes of this proceeding we will rely primarily on the results of the ERP test.**
26 **Other than Mr. Case, all expert witnesses used this test.”**

27
28 **In this respect the 2009 statements of the OEB are an outlier compared to previous**
29 **decisions and Dr. Booth notes the standard caveat that the decision of one panel of a board**
30 **does not bind another. Although, some consistency by the OEB would be useful.**