

1 **Q. Reference: page 74, lines 6-11**

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3 **“The discussion of the yield curve in Section II indicates that interest rates are**
4 **expected to increase in Canada, so I expect the formula produced ROE to increase**
5 **with these interest rates and average out to the fixed rate of 8.25% over the full**
6 **business cycle. Consequently, I regard 8.25% as being a reasonable fixed rate ROE**
7 **for a benchmark utility. Should the Board wish to remove the need for repetitive rate**
8 **hearings into the fair ROE, I would suggest either reverting to an ROE adjustment**
9 **formula or fixing it indefinitely at 8.25%.”**

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11 **How many years would the fixed ROE need to be in place for Dr. Booth to regard it as**
12 **“indefinitely”?**

13

14 **A. Indefinitely in regulatory circles seems to mean five years. Both the AUC and the OEB have**
15 **(had?) policies of reviewing their ROE formulae every five years.**