

1 Q. **Pg. 57 - Please explain why the DCF methodology was not used as a primary**
2 **technique.**

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4 A. For individual Canadian utility holding companies it is normally unreliable and the focus in
5 Canada for the last 20 years has been on risk premium models. As indicated in Dr. Booth's
6 testimony he has started to look more seriously at DCF models since the actions of the
7 global policy maker has disrupted the bond market. Note Dr. Booth's Appendix D has an
8 extensive discussion of DCF models and until the shift to ROE adjustment formulae in 1993
9 Dr. Booth routinely placed 50% weight on DCF models and 50% on risk premium models.