

1 Q. **Pg. 74 - Please confirm that your 2013 ROE conclusion is 7.50% and that you are**
2 **recommending fixing the ROE indefinitely at 8.25% if no ROE adjustment formula is**
3 **kept. Do these recommendations imply that your fair ROE conclusion for both 2013**
4 **and 2014 is 8.25%?**

5
6 A. Correct, but only if the Board fixes the allowed ROE for say a five year term.

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8 Interest rates will increase according to the Consensus forecast so while Dr. Booth judges
9 7.50% to be a fair ROE for 2013, he would expect this to be higher for 2014 by the use of
10 the suggested ROE formula.

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12 If instead of altering the ROE on an annual basis the Board decides to fix the ROE for a 5
13 year period, then Dr. Booth would recommend an 8.25% ROE.