

1 Q. Reference: *Fair Return for Newfoundland Power (NP), Evidence of*
2 *Laurence D. Booth, September 28, 2021, Appendix C, page 15, lines 1-2.*

3
4 *“From this analysis, I can see no reason that would cause me to deviate from*
5 *my normal generic risk assessment for a Canadian utility of a beta range of*
6 *0.45-0.55.”*

7
8 **Has Dr. Booth ever deviated from his generic estimate of a beta for an**
9 **electric or gas distributor? If yes, please provide that estimate and the**
10 **relevant testimony.**

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13 A. Dr. Booth’s actual beta estimates change all the time with the data, but his
14 recommendation for the beta going forward has been much more stable and has
15 not changed since at least 2009. Note that his estimate of the utility risk
16 premium has changed since Dr. Booth’s market risk premium estimate has
17 increased from 5.0% to 5.0-6.0%.

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19 The statistical evidence is that the long run beta estimate for a Canadian utility
20 has not materially changed. For example, in Appendix C page 9 he discusses
21 evidence that he and Dr. Berkowitz put before the National Energy Board in
22 2001 where the Blume beta adjustment model estimated a mean for Canadian
23 utilities of 0.52. The same regression procedure on US utilities produces a
24 mean of 0.465 since the adjustment coefficient is not significant. Dr. Booth
25 regards this statistical evidence as generally supportive of his 0.45-0.55 beta
26 range.

27
28 Dr. Booth will change his recommended beta when the underlying statistical
29 evidence changes.