

1 **Q. Reference: Dr. Booth's Evidence, Page 60, Line 3-6**

2
3 **Please identify any authorized equity returns for investor owned utilities in**
4 **Canada as low as Dr. Booth's ROE recommendation of 7.50 percent.**

5
6 **If there are no returns in Canada as low as Dr. Booth's recommendation, please**
7 **explain how his ROE recommendation of 7.50 percent meets the comparable**
8 **return requirements of the Fair Return Standard.**

9
10 **A.** Dr. Booth does not survey allowed ROEs in Canada or elsewhere. His
11 understanding is that Concentric undertakes such surveys on behalf of the Canadian
12 Gas Association.

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14 Dr. Booths' report estimates a fair ROE for NP and agrees with the AUC when they
15 stated at paragraph 65 on the 2016 GCOC Decision ((Decision 20622-D01-2016)

16
17 *"301. As the UCA pointed out, the Commission has previously considered the issue*
18 *of using returns awarded by other U.S. and Canadian regulators as indicators of a*
19 *market-required return and concluded in the 2009 GCOC decision that the better*
20 *approach is to examine the evidence of experts in a GCOC proceeding on required*
21 *returns estimated using methods founded on sound principles of finance and,*
22 *particularly, because the awards by other regulators were established on the basis*
23 *of a different record."*

24
25 It is difficult for any board to understand what was on the evidentiary record when
26 other boards made their decision or the unique characteristics of the utility at that
27 point in time. Furthermore, there is no legal requirement for any board to copy what
28 other boards have allowed as is implied by this question; such a procedure is *not* the
29 comparable return standard as laid down by Mr. Justice Lamont.