

1 **Q. Reference: Dr. Booth’s Evidence, Appendix C, Page 6, Line 1-5**
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3 **Given Dr. Booth’s position that “betas vary inversely with interest sensitivity”**
4 **and his statement that “as interest rates increase back to normal levels, I would**
5 **expect their betas to increase as they trade less on their bond values and more**
6 **as regular equities,” why has Dr. Booth continued to support the use of a beta**
7 **coefficient from 0.45 to 0.55 for regulated utilities, which is the same beta he**
8 **has been recommending during the entire period after the financial crisis when**
9 **LTC yields have been near historically low levels?**

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11 **A.** For two reasons. First Dr. Booth did not lower his forward beta estimates when
12 interest rates were abnormally low because the ex post or historic betas reflected the
13 financial crisis. Second, what is needed are forward not backward looking beta
14 estimates.