1   Q.   **Reference:** *Fair Return for Newfoundland Power (NP),* **Evidence of**
2   **Laurence D. Booth, September 28, 2021, page 2, lines 20-21.**
3
4   **Table 1 summarizes Dr. Booth's recommended benchmark ROEs and**
5   **their component parts as set forth in his evidence as filed with various**
6   **Canadian regulatory boards from August 2009 to September 2021. Please**
7   **confirm the information in the table is accurate or revise as required.**
8
9
10 A.   Dr. Booth does not and never has kept a record of his recommendations nor the
11   resulting Board decision. So he cannot confirm the accuracy of the data
12   provided. However, from his recollection it would appear to be correct,
13   particularly in his recommendations post 2013 when the US Federal Reserve
14   embarked on the third phase of bond buying pushing long term US yields
15   below those that would have existed without central bank intervention. Note
16   the specific objective of quantitative easing or bond buying was to push down
17   long term yields, particularly mortgage costs to ease refinancing by US
18   consumers and thereby lessen mortgage defaults for the US financial system. It
19   succeeded.
20
21   Note that at that time Dr. Booth recommended an Automatic ROE adjustment
22   model that would only operate when the forecast long Canada bond yield
23   reverted to "normal" levels consistent with the state of the economy and the
24   actions of private investors trading off risk versus return, which is the basis of
25   the application of the CAPM. For this level Dr. Booth used and continues to
26   use a trigger of 3.8% which has yet to be reached. Consequently, his
27   recommended fair ROE has not changed. He would also note that apart from
28   the OEB formulaic allowed ROE most allowed ROEs have exhibited limited
29   changes over the last eight years.