

- 1 **Q. Reference: Evidence of Laurence D. Booth, p. 3.**
2
3 **Please provide Dr. Booth's calculation of NEB's ROE formula currently indicating**
4 **a fair ROE for 2025 of 8.15%, with a forecasted LTC yield of 3.8% and 8.44%. Please**
5 **provide all input calculations, and provide Dr. Booth's assessment of these results**
6 **based on his outlook for a normalized LTC yield.**
7
- 8 **A.** Please see Dr. Booth's Appendix E, which has a full explanation of the NEB formula and
9 the annual data used for the formula back to 1995. For 2024, the NEB published formula
10 result is 7.88% based on a 3.45% forecast LTC yield. Using 3.8% and the 75% adjustment
11 gives an additional 0.2625%, which rounded to 8.15%. The addition of a 50% adjustment
12 from the base credit spread of 0.94% adds 0.28%, which rounded to 8.44%.