

- 1 **Q. Laurence D. Booth Report, page 117, lines 7-15, Dr. Booth states that an 8.5% ROE**
2 **is fair and reasonable. Please explain whether it is his opinion that 8.5% ROE is fair**
3 **if approved by the Board in this proceeding with an equity ratio of (i) 40% and (ii)**
4 **45%.**
5
- 6 **A.** Dr. Booth accepted the settlements in 2018 and 2021, which had an ROE of 8.5% on 45%
7 common equity. So, to some extent Dr. Booth judged 8.5% on 45% common equity to be
8 fair and reasonable, but other things were also in the settlement that apparently interveners
9 wanted. On its own, Dr. Booth would regard 8.5% on 45% common as excessive as
10 indicated by the very high DBRS NP bond rating of A stable. Noticeably, NP has a higher
11 rating than any of the companies in Mr. Coyne's Canadian sample (JMC-3 page 1), and
12 is only equalled among the Fortis utilities by FortisBC Energy, also with a DBRS A stable
13 rating. Dr. Booth would judge 8.5% on 40% common equity to be the top of his range of
14 fair and reasonable financial parameters, and very similar to the AUC parameters of 9%
15 on 37% common equity.