

1 **Q. Page 27, Figure 11: Does Concentric believe that the forecast risk free rate for**
2 **Canada of 3.68% needs to be adjusted to reflect market conditions?**

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4 A. Yes. The current forecasts of the 10-year government bond yield are 0.10% and 0.27%
5 lower for Canada and the U.S. respectively, and these would be appropriate adjustments
6 for current market conditions. Mr. Coyne has also updated Figure 11 in Concentric's
7 report to show the change in the daily spreads between 10-year and 30-year government
8 bonds as of November 30, 2015.
9

10 **Figure 11: Updated Risk Free Rate**

30-Year Risk Free Yield	Canada	U.S.
October 2015 Consensus Forecast Average 2016-2018 Forecasts	2.87%	3.33%
Average Daily Spread between 10-year and 30-year government bonds (November 2015)	0.71%	0.77%
Sum	3.58%	4.10%