

1 **Q. Evidence of Ms. McShane, capital market conditions, Page 23-36: If the answer to**  
2 **CA-NP-73 is no, please indicate why NP should be awarded an ROE based on a long**  
3 **run average long Canada rate that she does not expect to prevail over the near term**  
4 **horizon?**

5  
6 A. Ms. McShane is not recommending an ROE based on a long-run average long-term  
7 Canada bond rate. The cost of equity tests that rely on long-term Canada bond yields are  
8 based on the forecast for 2012-2013 of 3.25% to 3.50%.