Q. Evidence of Ms. McShane, Two factor model, Pages 60-67: Please confirm that the fair return estimate on page 62 (line 1550) is hypothetical, since it is based on a forecast long Canada bond yield and market return which do not reflect current expectations.

A. The estimate on line 1550 was not intended to be an estimate of the fair return given current market expectations. It is an estimate of the longer run utility return based on a longer-run outlook for interest rates and equity markets, developed for the express purpose of estimating a reasonable utility relative risk adjustment.