

1 **Q. Opinion on Capital Structure and Return on Equity**  
2 **Kathleen McShane – Volume 3**  
3

4 **Pg. 3, #5f and pg. 61 - Please confirm that the source of your forecasts of long-term**  
5 **Government of Canada bond yields for 2013-2014 is Consensus Forecasts, April**  
6 **2012. As well, please confirm if the same source was used for both years, and if not,**  
7 **please explain why not.**  
8

9 A. Ms. McShane cannot confirm. As indicated at footnote 78, the forecast 30-year  
10 Government of Canada bond yield for 2013 was based on the average of the forecasts of  
11 BMO Capital Markets, CIBC World Markets, Desjardins Economic Studies, RBC  
12 Economics, ScotiaBank Group and TD Securities made in late June and early July 2012.  
13 Those forecasts did not extend to 2014. The 2014 forecast was based on the April 2012  
14 Consensus Economics, *Consensus Forecasts*, because it was, to Ms. McShane's  
15 knowledge, the only source that provided a consensus forecast beyond 2013. As noted at  
16 footnote 78 of Ms. McShane's testimony, Consensus Economics only publishes longer-  
17 term forecasts twice a year, in April and October. At the time Ms. McShane prepared her  
18 testimony, the April 2012 *Consensus Forecasts* were the most recent source available for  
19 2014.