

**CENTRA GAS MANITOBA INC.**

**2013/14 GENERAL RATE APPLICATION**

**UNDERTAKING PROVIDED BY: JOHN McCORMICK**

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**CAC Undertaking No. 11**

CAC to compare the spring update numbers in the most recent chart filed by Centra to the most recently available forecasts.

**Response**

The attached excel spread sheets compare the most recently available forecasts to which Mr. McCormick has access to the T-bill and 10 Year + calculations for the 2013-14 period, found in PUB/Centra II-141 and PUB/Centra II-141 (Revised).

In preparing these calculations, Mr. McCormick has used Bank of Canada actual data for the period April 1, 2013 through June 27, 2013 as the proxy for the actual 10 year, 30 year and 3 month T-bill rates. The data relied upon is also contained in the attached spread sheets.

As one might expect the May and June 2013 forecasts used by Mr. McCormick, are closer in average value to January, February and March 2013 forecasts, than the forecast using data inputs dating from September and October 2012.

For the T-bill rate comparison, depending on whether one uses the same forecasters as Mr. McCormick's publically available sample, or the longer list used by Centra as it changes from time to time, the 2013-14 T-bill forecast rate may vary by 27 or 35 basis points from the September and October 2012 forecasts, but less than 5 basis points when compared to the more recent forecasts used in PUB/Centra II-141 (Revised).

For the 10 Year + rate comparison, depending on whether one uses the same forecasters as Mr. McCormick's publically available sample, or the longer list used by Centra as it changes from time to time, the 2013-14 10 Year +forecast rate may vary by 5 or 12 basis points from the Spring update forecasts, but less than 2 basis points when compared to the less recent forecasts used in PUB/Centra II-141. The similarity of the current forecasts and the September and October 2012 forecasts is due in part to the recent changes in the 10 year Canada interest rate.

The recent changes in the long term Canada interest rates, are forecast, by Scotia, to be short lived. A comparison of their May 30 and June 27 forecast is also included. For the periods ending September and December 2013, the forecast 10 and 30 year Canada rates have increased by approximately 25 basis points. For the March 2014 quarter end the increase is 5 basis points and in each of the June and September 2014 quarters, they are marginally lower in the June forecast than in the May forecast.

In comparing these most recent forecasts to the results presented in PUB/Centra II-141 and PUB/Centra II-141 (Revised), Mr. McCormick has not adjusted PUB/Centra II-141 and PUB/Centra II-141 (Revised) National Bank results to reflect the change he would prefer in the presentation of 2Q, 3Q and 4Q 2013 data points as queried in CAC/Centra II-47.

Bank Forecasts		Actual	Forecast			
Most Current Forecasts		2 Q 2013	Sep-13	Dec-13	Mar-14	2013/14
BMO	June-21-13	1.00%	1.00%	1.00%	1.00%	1.00%
CIBC	June-06-13	1.00%	0.99%	1.00%	1.15%	1.04%
Desjardins	May-30-13	1.00%	1.02%	1.00%	1.00%	1.00%
Laurentian	June-17-13	1.00%	1.02%	1.03%	1.05%	1.02%
National	May-29-13	1.00%	1.01%	0.98%	0.98%	0.99%
RBC	June-18-13	1.00%	1.02%	1.00%	1.03%	1.01%
Scotia	May-30-13	1.00%	1.02%	1.00%	1.00%	1.00%
TD	June-18-13	1.00%	0.99%	0.95%	0.95%	0.97%
Average of 8 forecasts		1.00%	1.01%	0.99%	1.02%	1.01%

PUB/Centra II-141 (Revised)		Forecast					Variance
		Jun-13	Sep-13	Dec-13	Mar-14	2013/14	
BMO	March-18-13	0.95%	0.95%	0.95%	0.95%	0.95%	0.05%
CIBC	March-18-13	0.97%	0.95%	0.95%	0.95%	0.96%	0.08%
Desjardins	February-26-13	0.97%	0.98%	1.00%	1.00%	0.99%	0.02%
Laurentian	March-14-13	0.98%	0.98%	1.03%	1.05%	1.01%	0.01%
National	March-01-13	0.99%	0.98%	0.98%	1.10%	1.01%	-0.02%
RBC	March-04-13	1.00%	1.00%	1.00%	1.03%	1.01%	0.00%
Scotia	February-28-13	1.00%	1.00%	1.00%	1.00%	1.00%	0.00%
TD	March-19-13	0.97%	0.95%	0.95%	0.95%	0.96%	0.02%
Informetrica	January-08-13	1.10%	1.10%	1.10%	1.20%	1.13%	
IHS Global	March-12-13	0.97%	0.99%	0.99%	0.98%	0.98%	
Conference Board	March-19-13	0.96%	1.02%	1.17%	1.36%	1.13%	
Spatial	January-29-13	1.10%	1.10%	1.10%	2.50%	1.45%	
Average of 8 forecasts		0.98%	0.97%	0.98%	1.00%	0.98%	
Variance		0.02%	0.03%	0.01%	0.02%	0.02%	
Average of 12 forecasts		1.00%	1.00%	1.02%	1.17%	1.05%	
Variance		0.00%	0.01%	-0.02%	-0.15%	-0.04%	

Bank Forecasts		Actual	Forecast			
			2 Q 2013	Sep-13	Dec-13	Mar-14
Most Current Forecasts						
BMO	June-21-13	1.00%	1.00%	1.00%	1.00%	1.00%
CIBC	June-06-13	1.00%	0.99%	1.00%	1.15%	1.04%
Desjardins	May-30-13	1.00%	1.02%	1.00%	1.00%	1.00%
Laurentian	June-17-13	1.00%	1.02%	1.03%	1.05%	1.02%
National	May-29-13	1.00%	1.01%	0.98%	0.98%	0.99%
RBC	June-18-13	1.00%	1.02%	1.00%	1.03%	1.01%
Scotia	May-30-13	1.00%	1.02%	1.00%	1.00%	1.00%
TD	June-18-13	1.00%	0.99%	0.95%	0.95%	0.97%

Average of 8 forecasts                      1.00%   1.01%   0.99%   1.02%   1.01%

PUB/Centra II-141			Forecast				Variance
			Jun-13	Sep-13	Dec-13	Mar-14	
BMO	October-02-12	1.00%	1.00%	1.25%	1.25%	1.13%	-0.13%
CIBC	September-27-12	0.95%	0.95%	1.08%	1.33%	1.08%	-0.04%
Desjardins	September-01-12	1.00%	1.03%	1.10%	1.55%	1.17%	-0.17%
Laurentian	September-17-12	1.00%	1.25%	1.55%		1.27%	-0.24%
National	September-01-12	1.31%	1.31%	1.31%		1.31%	-0.32%
RBC	October-04-12	1.25%	1.65%	1.93%		1.61%	-0.60%
Scotia	September-27-12	1.00%	1.00%	1.00%		1.00%	0.00%
TD	September-18-12	1.23%	1.48%	1.60%	1.68%	1.50%	-0.53%
Informetrica	October-01-12	1.80%	1.80%	1.80%	2.80%	2.05%	
IHS Global	September-11-12	1.06%	1.13%	1.42%	1.63%	1.31%	
Conference Board	September-19-12	0.97%	1.03%	1.18%	1.37%	1.14%	

Average of 8 forecasts                      1.09%   1.21%   1.35%   1.45%   1.28%

Variance                                        -0.09%   -0.20%   -0.36%   -0.43%   -0.27%

Average of 11 forecasts                    1.14%   1.24%   1.38%   1.66%   1.36%

Variance                                        -0.14%   -0.23%   -0.39%   -0.64%   -0.35%