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Q: Reference: Page 11, Line 19 and Page 48, Lines 30-31

“This puts the prospective rate on the riskless long-term asset in the range of 3.85% to 4.2% for the 2008 test year.”

Please confirm that Dr. Cannon’s forecast for the riskless long-term asset is 30-65 basis points lower than his forecast T-bill yield shown on page 11.

A: It is confirmed. The T-bill yield is a short-term rate while the rate on “the riskless long-term asset” is a long-term rate. The comparison here is the same as comparing apples and oranges or short-term government bond yields with long-term government bond yields.