VECC INTERROGATORY #6

INTERROGATORY

Reference: Exhibit E1/T3/S1/pg.2

a) Please provide the source of the Canada yield 10 and 30 year forecast for the August 2018 debt issuances.

b) Please explain the reason for the increase in the corporate spread as between November 2017 and August 2018.

c) What would be impact on the revenue requirement if the August 2018 issuances had the same effective costs as the November 2017 issuances?

RESPONSE

a) The Canada yield forecast is based on a survey of financial institutions.

b) The forecast corporate spread is based on historical corporate spreads.

c) If the forecast August 2018 issuances were assumed to have the same effective rates (and coupon rates) as the forecast November 2017 issuances, it would result in a $0.5 million reduction to Allowed Revenue and gross deficiency. To illustrate the change, Attachment #1 reproduces Exhibit E2, Tab 1, Schedules 1 and 2, under the assumption that the forecast August 2018 issuances have the same effective rates as the forecast November 2017 issuances.

Witnesses: R. Craddock
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