

**Automatic Adjustment Formula
Proposal by Dr. Booth**

**Pro Forma
2014 Estimated Return
on Common Equity**

2013 Return on Equity¹	7.50%
75% Change in Long Canada Bond Yields	
Current Forecast ²	2.59%
Base Forecast ¹	<u>3.80%</u>
	-1.21%
Change in Long Canada Bond Yield above 3.8% adjusted by 75%	0%
50% Change in Utility Bond Spread	
Current Spread ³	1.45%
Base Spread	<u>1.45%</u>
	0%
Change in Utility Bond Spread adjusted by 50%	<u>0%</u>
2014 Estimated Return on Common Equity	<u>7.50%</u>
Reduction in ROE	<u><u>0%</u></u>

¹ Per the November 2012 *Report on the Fair Return for Newfoundland Power* (NP) as filed with the Board.

² Based on the November 2012 Consensus Forecasts and the average daily spreads of GOC 10/30's for the month of October 2012.

³ Based on the difference in the bond yields between the Bloomberg Fair Value 30 year Canada A Rated Utility Bond Index (Series 29530Y) and Long Canada bond yields for October 2012.