

1 **Volume 1, Section 3 – Finance**

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3 **Q. (Section 3.3.3, The Automatic Adjustment Formula) Which of the monthly issues of**
4 **the “Consensus Forecasts” publication does the Company propose to use for getting**
5 **the 10-year bond yield forecasts referred to in line 2 on page 60? Why is this**
6 **monthly issue the most suitable one?**

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8 A. Newfoundland Power proposes to use the November issue of the *Consensus Forecasts* to
9 establish the average 10-year bond yield. The November issue of the *Consensus*
10 *Forecasts* is used by the NEB, AEUB and BCUC for the determination of the 10-year
11 average bond yield for use in their respective annual adjustment mechanisms.¹

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13 The use of the November issue is also appropriate as it is near in time to the period
14 currently used for purposes of Newfoundland Power’s Automatic Adjustment Formula
15 (last 5 trading days in October and the first 5 trading days in November) and enables the
16 use of a recent forecast for the prospective filing and establishment of January 1 rates.

¹ The adjustment mechanisms used by these jurisdictions were established by the following Orders and Decisions: AEUB - Decision 2004-05; BCUC – Order No. G-35-94; NEB – RH-2-94.