Annual ROE Indexing Methodology

During the term of the Plan, GMP's allowed Return on Equity ("ROE") shall be indexed using the following equation:

$$\boldsymbol{ROE_t = ROE_{t-1} + \left[0.50 \times (BF_t - BF_{t-1}) + 0.50 \times \sum_i \frac{30\_UtA\_B_{i,1} - 30\_B_{i,1}}{i_t}\right]}$$

In this formula, the 30-year bond forecast ("BF") is combined in equal weighting with the average daily spread for the most recent month, between A-rated Utility Bonds ($30\_UtA\_B_{i,1}$) and 30-year Government Bonds ($30\_B_{i,1}$). The 30-year bond forecast is computed as the average of the Blue Chip 30-Year Treasury forecast for 3 and 12 months out; and the A-rated Utility bond spread is calculated by taking the daily difference between the Bloomberg Fair Value Utility A-rated Bond Index (identified as series, "C03630Y" in the Bloomberg terminal) and the actual 30-year Treasury bond yield, averaging the daily difference for a given month (*e.g.*, July).