

1 Q. What is the cost implication, in dollars, for each of Hydro's classes of  
2 customer of its proposal of a new accounting treatment for the net salvage  
3 value of assets and for certain changes in the service lives of certain assets  
4 as referenced in paragraph 14(12) of the Application.

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7 A. Customer cost implications related to the change in service lives are  
8 attached. Please note that these amounts do not incorporate any changes to  
9 revenues, or any related impacts associated with interest and return on rate  
10 base, from those filed in Exhibit JAB-1.

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12 In 2002, there are no cost impacts for the proposed change to the treatment  
13 of net salvage value.

**NEWFOUNDLAND AND LABRADOR HYDRO**  
**2002 Forecast Cost of Service**  
**Proposed Changes in Service Lives - Cost Impacts (\$000)**

	<b>Before Deficit &amp; Revenue Credit Allocation</b>	<b>After Deficit &amp; Revenue Credit Allocation</b>	
	<b>Total System</b>		
1	Newfoundland Power	(2,528)	(2,491)
2	Island Industrial	(531)	(530)
3	Labrador Industrial	6	6
4	CFB - Goose Bay Secondary	-	-
5	Rural Labrador Interconnected	18	29
	<b>Rural Deficit Areas</b>		
6	Island Interconnected	15	-
7	Island Isolated	10	-
8	Labrador Isolated	20	-
9	L'Anse au Loup	4	-
10	<b>Subtotal</b>	<u><b>49</b></u>	<u><b>-</b></u>
11	<b>Total</b>	<u><u><b>(2,986)</b></u></u>	<u><u><b>(2,986)</b></u></u>