

1 Q. In reference to page 15 in the report of Grant Thornton, LLP on
2 Newfoundland & Labrador Hydro's 2001 General Rate Hearing, provide the
3 reduction in the 2002 revenue requirement assuming a 15% reduction in the
4 forecast capital expenditures for 2002.

5

6

7 A. 2002 Budgeted Assets placed in service \$ 48,037,000

8

9 15% Reduction \$ 7,205,550

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11 Average balance/rate base reduction (50%) \$ 3,602,775

12

13 WACC/Return on ratebase (x 7.399%) \$ 266,569

14 Depreciation impact (1.7% x Average balance) 61,247

15 Estimated Reduction in Revenue Requirement \$ 327,816