Q. **Grant Thornton's Prefiled Evidence**

Page 18, lines 3-8 and lines 31-39 – Please provide a re-calculation of forecast depreciation expense, rate base and return on rate base for 2003 and 2004 using a 14% downward adjustment to capital expenditures and a retirement rate of 0.39% of total assets in each year.

A. A 14% downward adjustment to capital expenditures and a retirement rate of 0.39% would have the following effects.

	2003 ($000)	2004 ($000)
Decrease in depreciation expense	$ (353)	$ (444)
Decrease in return on rate base	(1,106)	(2,117)
Increase in loss on disposals	1,459	1,357
Net adjustment to revenue requirement	0	(1,204)
Decrease in rate of return on rate base	(0.02%)	0 [1]
Decrease in average rate base	(12,177)	(26,660)

[1] Assumed rate of return held constant at 8.322%