

1 Q. Has Hydro made any adjustment in its re-filed evidence dated October 31,
2 2003 to reflect the comments made by Grant Thornton on pages 17 through
3 19 of their report on Hydro's 2003 General Rate Application?
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6 A. Hydro has not made any adjustment in its re-filed evidence with respect to
7 potential under budgeting of capital retirements or potential under spending
8 of the capital budget. As outlined in Mr. Robert's testimony on October 14,
9 2003 (pages 12-14 of the transcript), Hydro forecasts known retirements
10 associated with budgeted capital projects. Losses on additional disposals
11 would be included in the revenue requirement and would exceed any
12 reductions in depreciation expense and return on ratebase that would arise.
13 As well, Hydro does not believe an allowance for potential under spending of
14 the capital budget is warranted since Hydro's record with respect to meeting
15 its capital budget is improving and the impact of any under spending that
16 may occur is more than offset by the positive impact of Hydro's approach to
17 forecasting asset retirements, as quantified in the response to NP-232 NLH
18 Rev.