

1 Q. Re: NP-26: Please expand the table to show 2004 Final Approved Test Year,
2 and 2004 actuals. With respect to depreciation expense, please separately
3 identify the component of depreciation for each year shown in NP-26 and for
4 2004 Test Year and 2004 actuals by description (as this term is used in
5 Table I at page 7 of Exhibit MGB-3) and indicate the source of all changes
6 (by description category) from 2004 to 2007, including addition of assets and
7 change to depreciation rates (both due to sinking fund methodologies as well
8 as any other depreciation rate changes implemented by Hydro).

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11 A. On the attached sheet, please find a table showing the depreciation expense
12 for the 2004 Final Approved Test Year, 2004 and 2005 actuals, and 2006
13 and 2007 budget. The additions that contribute to the depreciation expense
14 for each year are shown in separate columns. There have been no changes
15 to the depreciation rates during this time frame.

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17 Depreciation expense is not available by the description "Computers and
18 Printers" or "Network Services" (Table 1 at Page 7 of Exhibit MGB-3). These
19 assets are part of General Plant or Telecontrol respectively as shown on the
20 attached table.

Newfoundland and Labrador Hydro
Breakdown of Depreciation by Major Asset Classification
2004 to 2007
(\$ 000's)

Major Asset Classification	2004 Final Approved Test Year	2004 Actual	2004 Additions	2005 Actual	2005 Additions	2006 Budget	2006 Additions	2007 Budget	2007 Additions
Transmission	\$5,049	\$5,102	\$85	\$5,865	\$3	\$6,111	\$35	6,321	208
Terminal Stations	4,865	4,839	12	5,056	2	5,219	3	4,244	17
Gas Turbines	1,027	1,044		989	2	1,088	3	1,097	13
Diesel	2,421	2,418	1	2,376	43	2,343	73	2,442	227
Telecontrol	4,536	5,562	207	7,106	165	6,152	24	6,329	549
Hydraulic Generation	3,668	3,610	12	3,978	2	4,061	19	4,538	75
Thermal Generation	2,216	2,221	24	2,426	57	2,646	74	2,898	336
General Plant	5,441	4,666	262	3,046	205	3,674	364	5,314	2,301
Distribution Sub-stations	<u>3,761</u>	<u>3,721</u>	<u>19</u>	<u>4,013</u>	<u>26</u>	<u>4,194</u>	<u>113</u>	<u>4,429</u>	<u>375</u>
Total	<u>\$32,985</u>	<u>\$33,183</u>	<u>\$622</u>	<u>\$34,855</u>	<u>\$505</u>	<u>\$35,486</u>	<u>\$708</u>	<u>\$37,613</u>	<u>\$4,103</u>

Note: The total depreciation expense for each year includes the amounts in the additions columns.