

1 **Q. Further to NLH-NP-008, Order P.U. 7(1996-1997) states on page 46:**

2
3 *"On March 28, 1996, as ordered by the Board the Depreciation Report and Exhibits of*
4 *Gannett Fleming Valuation and Rate Consultants, Inc. were filed. The study indicated*
5 *significant changes to the rate filing of the Applicant, which, in turn, gave rise to the*
6 *revised application of the Applicant dated April 29, 1996."*

7
8 **Please provide the revenue requirement change in the 1996 GRA as a result of the**
9 **change in the test year depreciation expense included in the original application and**
10 **the depreciation expense reflected in the revised application.**

11
12 A. In its 1996 general rate application ("GRA") which had a 1997 test year, Newfoundland
13 Power decreased its 1997 revenue requirement by approximately \$6.7 million from its
14 original filing. This was primarily the result of a change in depreciation expense due to
15 the 1995 Depreciation Study (the "Depreciation Study"). The 1995 Depreciation Study
16 was not filed as part of the original GRA filing.

17
18 The change in depreciation expense was due to (i) a change in forecast depreciation
19 expense due to updated depreciation rates and (ii) the annual provision for amortization
20 of the depreciation true-up as indicated by the Depreciation Study.

21
22 Since 1996, it has been the practice for Newfoundland Power to include an updated
23 depreciation study as part of the filing of a GRA. For this reason, there has been no
24 change to revenue requirement from that originally proposed by Newfoundland Power in
25 a GRA as a result of a change in depreciation rates since 1996.

26
27 Consistent with this practice, Newfoundland Power will file an updated depreciation
28 study with its next GRA.