

- 1 **Q. NP discusses depreciation rates on pages 4-7 to 4-8. Please provide the composite**
 2 **depreciation rate used by the company since 2000 and the associated economically**
 3 **useful life.**
 4
 5 A. Table 1 shows Newfoundland Power’s actual composite depreciation rate since 2000, as
 6 well as the associated economically useful life.
 7
 8

Table 1

	Composite Depreciation Rate (%)¹	Economically Useful Life (Years)²
2000	3.42	29.3
2001	3.66	27.3
2002	3.68	27.2
2003 ³	3.43	29.1
2004 ³	3.44	29.1
2005 ³	3.43	29.1
2006	3.42	29.3
2007	3.38	29.6
2008	3.29	30.4
2009	3.25	30.7
2010	3.24	30.8
2011	3.25	30.8
2012	3.23	30.9
2013	3.27	30.6
2014	3.23	30.9
2015F	3.27	30.5
2016E	3.33	30.1
2017E	3.34	29.9

¹ The Composite Depreciation Rate is calculated as the total depreciation expense, plus the amortization of Government and Customer contributions, divided by the total depreciable assets.

² The Economically Useful Life is calculated as the inverse of the Composite Depreciation Rate, provided above.

³ For 2003 to 2005, the reported composite depreciation rate dropped to approximately 2.9%. The reported change in the composite depreciation rate was due to the deduction of depreciation true-up of \$5.8 million, approved by the Board in Order No. P.U. 19 (2003), from depreciation expense in financial reporting for 2003 to 2005. The composite depreciation rates in Table 1 do not include the \$5.8 million true-up.