

- 1 **Q. Page III-7: Please explain how the proposed changes to service life estimates of**
2 **certain accounts impacts the depreciation expense in the current application.**
3
- 4 A. In general, increases to service life and net salvage estimates decrease depreciation
5 expense and decreases to service life and net salvage estimates increase depreciation
6 expense. Please refer to Attachment A for information detailing the change in
7 depreciation expense proposed for each plant account (i.e., depreciable category).

Newfoundland Power
Comparison of Existing and Proposed
Service Life and Net Salvage Estimates
And
Calculated Annual Depreciation

NEWFOUNDLAND POWER INC.

COMPARISON OF EXISTING AND PROPOSED SERVICE LIFE AND NET SALVAGE ESTIMATES AND CALCULATED ANNUAL DEPRECIATION RELATED TO ORIGINAL COST OF ELECTRIC PLANT AT DECEMBER 31, 2014

DEPRECIABLE GROUP (1)	ORIGINAL COST AT 12/31/14 (2)	EXISTING ESTIMATES				PROPOSED ESTIMATES				TOTAL ANNUAL ACCRUALS (16)	INCREASE/DECREASE (17)	
		PROBABLE RETIREMENT YEAR (3)	ESTIMATED SURVIVOR CURVE (4)	NET SALVAGE PERCENT (5)	ANNUAL ACCRUAL AMOUNT (6)	PROBABLE RETIREMENT YEAR (10)	ESTIMATED SURVIVOR CURVE (11)	NET SALVAGE PERCENT (12)	ANNUAL ACCRUAL AMOUNT (13)			TRUE-UP (14)
DEPRECIABLE PLANT												
HYDRO PRODUCTION												
320	1,054,326		75 - R2.5	0	1.42	14,971	(423)	14,548	15,065	60(1)	14,464	(64)
321	4,777,477		75 - R2.5	(1)	1.84	184,650	(7,297)	177,353	182,316	(3,96)	173,272	(10,084)
322	10,035,541		75 - R2.5	(25)	2.36	1,473,265	(41,745)	1,515,010	1,417,060	(9,946)	1,417,060	(97,950)
323	62,426,491		60 - L3	(25)	2.36	868,322	-	868,322	891,918	-	891,918	23,596
324	41,546,526		70 - S0.5	(25)	2.09	868,322	-	868,322	891,918	-	891,918	23,596
325	40,188,197		65 - R2	(25)	2.25	904,234	36,366	940,600	867,661	32,847	900,508	(40,092)
326	19,462,225		40 - S0	(25)	4.10	797,951	38,207	836,158	864,896	66,299	931,195	96,037
327	1,374,335		50 - R2	(25)	2.81	39,619	2,446	41,065	38,457	3,730	42,187	1,122
	180,399,279				2.42	4,372,994	111,044	4,484,038	4,361,434	89,253	4,450,687	(33,351)
OTHER PRODUCTION												
331	413,396	6-2016	60 - S0	(20)	5.75	23,770	-	23,770	34,242	11,399	45,641	21,871
	484,537	6-2021	60 - S0	(3)	5.06	24,518	1,451	25,969	25,639	-	25,639	(330)
	138,314	6-2021	60 - S0	(3)	4.08	5,643	-	5,643	9,015	428	9,443	3,800
	1,036,247				5.20	53,931	1,451	55,382	68,896	11,827	80,723	26,341
332	5,179	12-2010	70 - L0	(65)	-	-	2,520	2,520	-	1,356	1,356	(1,164)
	105,126	6-2016	70 - L0	(20)	3.80	4,033	-	4,033	6,048	(1,382)	4,656	623
	1,875,859	6-2021	70 - L0	(3)	5.89	14,153	(3,909)	10,244	9,100	(1,246)	8,854	(250)
	253,845	6-2021	70 - L0	(3)	5.88	14,153	(2,574)	11,579	15,151	(3,246)	11,850	(6,277)
	1,365,091	6-2036	70 - L0	0	3.69	50,372	(1,008)	49,268	44,704	(2,944)	44,704	(4,562)
	2,397,950				4.27	101,914	(5,069)	96,845	103,867	(17,075)	86,892	(9,953)
333	52,594	12-2010	50 - L1	(65)	-	-	3,194	3,194	-	867	867	(2,327)
	621,377	6-2016	50 - L1	(20)	4.46	27,713	-	27,713	58,926	(15,660)	43,266	15,553
	2,471,612	6-2016	50 - L1	0	7.49	165,124	99,616	264,740	144,592	-	144,592	(140,148)
	6,133,900	6-2021	50 - L1	(3)	3.62	222,047	(68,419)	153,628	282,065	(120,923)	211,142	(32,486)
	9,259,671	6-2036	50 - L1	(3)	3.71	31,161	67,266	98,427	58,169	-	58,169	(40,258)
	839,912	6-2036	50 - L1	0	3.11	31,161	-	31,161	31,897	-	31,897	(706)
	19,345,162				5.18	1,022,022	101,917	1,103,939	1,012,758	(135,716)	877,642	(226,937)
334	17,545	12-2010	Square	(65)	-	-	-	-	-	(621)	(621)	(621)
	95,357	6-2016	Square	(20)	11.94	11,386	6,497	17,883	8,139	984	9,123	(6,700)
	792,888	6-2021	Square	(3)	5.16	40,913	-	40,913	64,895	(6,531)	58,454	17,541
	201,410	6-2021	Square	(3)	4.93	9,930	1,689	11,619	8,897	-	8,897	(2,952)
	1,107,200				5.62	62,228	8,186	70,414	81,791	(6,169)	75,623	5,209
335	6,898	6-2016	Square	(20)	2.09	144	-	144	134	(141)	(7)	(151)
	23,893,457				5.11	1,220,280	106,485	1,326,765	1,267,546	(147,273)	1,120,273	(206,492)
SUBSTATION												
341	11,386,844		50 - R2.5	(15)	2.56	291,927	7,689	299,195	291,927	10,324	302,251	3,056
342	192,109,534		50 - R1.5	(15)	2.68	5,146,536	-	5,146,536	5,697,303	269,164	5,966,467	817,931
	203,496,477				2.67	5,440,041	7,689	5,447,730	5,989,230	279,488	6,268,718	820,988

NEWFOUNDLAND POWER INC.

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DEPRECIABLE GROUP (1)	ORIGINAL COST AT 12/31/14 (2)	EXISTING ESTIMATES					PROPOSED ESTIMATES					TOTAL ANNUAL ACCRUALS (16)	INCREASE/ (DECREASE) (17)		
		PROBABLE RETIREMENT YEAR (3)	ESTIMATED SURVIVOR CURVE (4)	ESTIMATED SALVAGE PERCENT (5)	ANNUAL ACCRUAL AMOUNT (7)	TRUE/UP (8)	TOTAL ANNUAL ACCRUALS (9)	PROBABLE RETIREMENT YEAR (10)	ESTIMATED SURVIVOR CURVE (11)	NET SALVAGE PERCENT (12)	PROPOSED ANNUAL ACCRUAL RATE (13)			ANNUAL ACCRUAL AMOUNT (14)	TRUE/UP (15)
TRANSMISSION															
350.01 ROW CLEARING AND EASEMENT SURVEY	6,291,352		65 - R4	0	131,832	-	131,832		65 - R4	0	1.59	131,444	-	131,444	(388)
350.02 ROADS, TRAILS AND BRIDGES	78,266		55 - R3	0	1,252	(92)	1,160		55 - R4	0	1.58	1,238	(105)	1,133	(27)
353.1 OVERHEAD CONDUCTORS	27,644,643		55 - R3	(35)	715,986	25,726	741,722		57 - R3	(35)	2.49	689,139	1,601	689,139	(52,893)
353.2 UNDERGROUND CABLES	14,639,893		47 - R2	(35)	1,451,904	96,932	1,548,836		47 - R2	(35)	3.02	1,494,434	45,598	1,540,032	(8,804)
355.1 POLE FIXTURES	20,767,681		47 - R2	(35)	932,073	(74,328)	857,745		52 - S0.5	(35)	3.24	878,595	(20,850)	857,745	(107,953)
355.3 INSULATORS	22,864,503		31 - S1	(35)	1,079,205	-	1,079,205		31 - S1	(35)	4.64	1,061,030	(18,175)	1,042,855	(37,350)
TOTAL TRANSMISSION	126,331,172				4,053,248	50,993	4,104,241				3.08	3,892,197	(5,773)	3,886,424	(217,817)
DISTRIBUTION															
OVERHEAD CONDUCTORS AND UNDERGROUND CABLES															
361.1 BARE COPPER	484,303		48 - R1.5	(25)	10,726	(10,484)	242		53 - R1.5	(25)	1.94	9,597	(15,086)	15,086	(5,489)
361.11 BARE COPPER	1,482,205		55 - R2.5	(25)	3,263,956	(3,100,475)	1,482,205		57 - R2.5	(25)	2.62	3,435,399	(1,482,205)	3,435,399	106,194
361.12 BARE ALUMINUM	130,653,383		55 - R2.5	(25)	3,983,956	(3,910,475)	73,481		57 - R2.5	(25)	2.63	4,169,832	(73,481)	4,169,832	(72,971)
361.13 WEATHER-PROOF ALUMINUM	35,214,104		32 - R1.5	(25)	1,545,903	(1,545,903)	-		39 - R1.5	(25)	4.17	1,469,932	-	1,469,932	(75,971)
361.14 AERIAL CABLE	1,076,258		26 - R1	(25)	43,481	(18,089)	25,392		29 - R1	(25)	4.99	47,929	(2,537)	47,929	(2,537)
361.15 DUPLEX, TRIPLEX, AND QUADRIPLEX UNDERGROUND CABLES	5,762,312		44 - R2	(30)	201,105	(10,192)	190,913		49 - R2	(35)	3.20	184,327	(9,765)	174,562	(16,351)
361.2 SPECIAL INSULATED COPPER CABLE	26,155,568		45 - R3	(5)	638,196	(31,607)	606,589		47 - R4	(10)	2.42	633,238	(20,402)	612,836	(20,362)
361.3 SUBMARINE CABLE	102,076		26 - R1	(25)	3,501	(4,395)	(894)		29 - R1	(25)	3.05	3,114	(4,496)	1,382	(488)
361.4 TOTAL ACCOUNT 361	19,425,771		40 - R3	0	468,040	-	468,040		40 - R3	(5)	2.89	551,619	(5,702)	545,917	(77,877)
	218,491,976				6,330,904	(200,305)	6,130,599				2.91	6,353,436	(97,012)	6,256,424	(97,012)
POLES AND FIXTURES															
362.1 WOOD - UNDER 35 FT	74,253,238		48 - R1.5	(25)	2,101,369	144,989	2,246,358		53 - R1	(35)	2.92	2,186,010	105,796	2,271,746	25,388
362.2 WOOD - 35 FT AND OVER	319,431,751		48 - R1.5	(25)	9,845,833	9,845,833	-		53 - R1	(35)	3.09	9,860,508	14,573	9,860,508	214,573
362.3 CONCRETE AND STEEL	8,166,625		40 - R2.5	(25)	268,692	(12,464)	256,218		44 - R2.5	(35)	3.28	267,548	(10,895)	256,653	435
362.4 STEEL TOWERS	195,337		45 - R3	(25)	5,235	(1,578)	6,813		50 - R3	(35)	2.62	5,114	(1,043)	6,157	(655)
TOTAL ACCOUNT 362	462,017,041				12,027,219	134,103	12,155,322				3.06	12,259,178	35,864	12,395,062	239,740
363 STREET LIGHTS	20,191,132		20 - R0.5	(10)	1,187,239	113,672	1,300,811		20 - R0.5	(10)	5.74	1,189,516	151,254	1,310,770	9,959
364.1 TRANSFORMERS AND MOUNTINGS OTHER THAN INCLUDING 15 KVA	9,292,864		40 - S1	(2)	271,355	23,227	294,582		40 - S1	(2)	2.85	285,304	43,378	307,682	13,100
TOTAL ACCOUNT 364.1	131,524,657		40 - S1	(2)	3,617,649	7,176	3,693,372		40 - S1	(2)	2.93	3,595,871	136,220	3,733,091	39,710
					3,686,998	68,663	3,697,361				2.93	3,682,175	178,599	4,040,775	52,812
364.2 VOLTAGE REGULATORS	5,496,238		40 - S1	(2)	141,253	6,344	147,597		40 - S1	(2)	2.87	157,484	16,963	174,447	26,850
364.3 CAPACITOR BANKS	331,138		40 - S1	(2)	9,802	(505)	9,297		40 - S1	(2)	2.93	9,711	(332)	9,379	82
364.4 RECLOSERS	1,157,315		40 - S1	(2)	33,215	(583)	32,632		40 - S1	(2)	2.98	34,467	(1,176)	33,291	659
365.1 SERVICES OVERHEAD	88,497,636		44 - R2	(60)	3,531,056	(349,207)	3,181,849		49 - R2	(60)	3.60	3,182,791	(417,656)	2,765,135	(416,714)
365.2 SERVICES UNDERGROUND	10,004,732		45 - R3	(10)	260,123	-	260,123		45 - R4	(10)	2.54	254,442	-	254,442	(5,681)
METERS															
366.1 WATT-HOUR DEMAND	15,266,756		25 - S1	(5)	684,911	236,931	921,842		18 - S1	(5)	6.32	970,397	643,569	1,613,966	692,014
366.2 INSTRUMENT TRANSFORMERS	7,535,922		22 - S0.5	(5)	307,143	44,416	441,559		18 - S1	(5)	6.98	525,719	182,386	708,085	286,526
366.3 METERING TANKS	2,951,154		36 - R2.5	(5)	87,059	-	87,059		36 - R2.5	(5)	3.04	89,733	(3,050)	86,683	(2,674)
366.4 METERING TANKS	1,213,035		36 - R2.5	(5)	32,995	-	32,995		36 - R2.5	(5)	2.75	33,358	(3,050)	30,288	(2,727)
TOTAL ACCOUNT 366	27,056,666				1,202,108	281,347	1,483,455				5.98	1,619,097	622,845	2,441,942	958,467
367.1 UNDERGROUND DUCTS AND MANHOLES	10,290,061		60 - R4	(5)	185,221	4,264	189,485		65 - R4	(10)	1.77	182,598	-	182,598	(6,887)
367.2 UNDERGROUND SWITCHES AND SWITCHGEAR	2,934,579		45 - R3	(5)	74,245	-	74,245		47 - R4	(10)	2.47	72,469	-	72,469	(1,776)
TOTAL DISTRIBUTION	916,393,672				28,985,383	87,993	29,053,376				3.14	29,187,364	749,368	29,936,732	883,356

NEWFOUNDLAND POWER INC.

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		PROBABLE RETIREMENT YEAR (3)	ESTIMATED SURVIVOR CURVE (4)	SALVAGE PERCENT (5)	ACCURAL RATE (6)	ANNUAL ACCRUAL AMOUNT (7)	TRUE-UP (8)	TOTAL ANNUAL ACCRUALS (9)	PROBABLE RETIREMENT YEAR (10)	ESTIMATED SURVIVOR CURVE (11)	NET SALVAGE PERCENT (12)			ACCURAL RATE (13)	ANNUAL ACCRUAL AMOUNT (14)
GENERAL PROPERTY															
371.1 BUILDINGS AND STRUCTURES - SMALL	1,956,986		38 - SQ	(5)	2.67	52,252	(3,893)	48,359				50,892	(8,300)	42,392	(6,987)
371.2 BUILDINGS AND STRUCTURES - LARGE															
TORSAIL ROAD - TRANSFORMER STORAGE	1,711,140	6-2026	70 - R1	0	3.16	54,072	(3,105)	50,967	6-2033	70 - R1	0	62,635	(8,300)	62,635	11,688
KENAMOUNT ROAD	6,076,945	6-2046	70 - R1	0	2.51	189,276	(9,159)	180,117	6-2044	70 - R1	0	40,422	(1,276)	41,698	1,276
DUFFY PLACE	13,079,675	6-2030	70 - R1	0	1.92	251,134	(1,199)	252,333	6-2065	70 - R1	0	247,899	(36,557)	211,342	(40,991)
CARBONAR - OFFICE/WAREHOUSE	2,573,071	6-2030	70 - R1	0	2.59	66,643	(4,726)	61,917	6-2052	70 - R1	0	69,128	(7,878)	71,004	15,087
WHITBOURNE	715,140	6-2023	70 - R1	0	2.82	20,167	(4,170)	24,337	6-2023	70 - R1	0	23,983	(8,750)	38,633	14,296
SALT POND	909,800	6-2023	70 - R1	0	3.79	34,481	-	34,481	6-2023	70 - R1	0	37,788	(3,307)	37,788	3,307
CLAREVILLE REGIONAL BUILDING	2,064,724	6-2042	70 - R1	0	2.27	46,869	(2,869)	49,738	6-2050	70 - R1	0	41,199	(1,773)	39,426	(10,412)
GANDER	1,707,555	6-2037	70 - R1	0	2.40	42,006	(14,059)	27,947	6-2037	70 - R1	0	29,980	(14,231)	34,922	7,015
GRAND FALLS SERVICE BUILDING	1,503,207	6-2056	70 - R1	0	2.46	36,077	(2,891)	33,186	6-2056	70 - R1	0	34,122	(2,990)	37,112	506
CORNER BROOK - MAPLE VALLEY SERVICE BUILDING	1,618,842	6-2057	70 - R1	0	2.42	39,176	(2,793)	36,383	6-2057	70 - R1	0	36,388	(1,858)	38,256	1,874
PURDY BASIN OFFICE AND SERVICE BUILD	1,104,161	6-2028	70 - R1	0	2.76	31,176	(2,469)	28,707	6-2028	70 - R1	0	31,035	(3,161)	27,874	(907)
PERKINS BASIN	317,688	6-2026	70 - R1	0	2.74	7,384	(662)	6,722	6-2026	70 - R1	0	7,384	(662)	6,722	-
TOTAL ACCOUNT 371.2	37,424,696				2.30	862,461	(5,650)	856,811				882,082	(36,100)	928,041	74,410
372 OFFICE EQUIPMENT	6,515,766		25 - SQ	0	4.00 (a)	243,674	-	243,674		25 - SQ	0	243,674	-	243,674	-
373 STORE EQUIPMENT	557,243		25 - SQ	0	4.00 (a)	17,764	-	17,764		25 - SQ	0	17,764	-	17,764	-
374 SHOP EQUIPMENT	674,511		25 - SQ	0	4.00 (a)	25,188	-	25,188		25 - SQ	0	25,188	-	25,188	-
375 LABORATORY AND TESTING EQUIPMENT	5,848,467		25 - SQ	0	4.00 (a)	227,214	-	227,214		25 - SQ	0	227,214	-	227,214	-
376 MISCELLANEOUS EQUIPMENT	3,009,958		15 - SQ	0	6.67 (a)	194,312	(9,010)	185,302		15 - SQ	0	194,312	-	194,312	9,010
377 ENGINEERING EQUIPMENT	162,163		25 - SQ	0	4.00 (a)	6,141	(2,898)	3,443		25 - SQ	0	6,141	(815)	5,326	1,883
TRANSPORTATION															
378.1 SEDANS AND STATION WAGONS			5 - R1.5	16	12.49	-	3,186	3,186		5 - R1.5	17	-	2,109	2,109	(1,077)
378.2 PICKUP TRUCKS, WINDOW VANS	6,097,702		6 - S2.5	16	14.18	884,654	(64,043)	820,697		6 - R4	15	809,221	-	809,221	(19,476)
378.3 LARGE TRUCKS WITH HYDRAULIC DERRICKS	15,726,931		11 - R2.5	8	8.37	1,316,344	(205,155)	1,111,189		11 - R3	5	1,320,428	(227,720)	1,092,708	(18,481)
378.4 LARGE TRUCKS WITH LINE AND STAKE BODIES	4,187,992		11 - R3	8	8.61	360,586	(41,306)	401,892		11 - R3	5	378,922	(77,274)	456,196	54,304
378.5 MISCELLANEOUS	1,257,652		15 - L1.5	8	6.20	77,974	(48,022)	125,996		15 - L1.5	15	77,804	(33,807)	111,611	(14,385)
TOTAL ACCOUNT 378	27,270,277				9.61	2,619,559	(48,598)	2,570,961				2,586,375	(114,530)	2,471,845	(99,116)
379.1 COMPUTERS - HARDWARE	9,963,535		5 - SQ	0	20.00 (a)	1,666,957	-	1,666,957		5 - SQ	0	1,666,957	-	1,666,957	-
379.2 COMPUTERS - SOFTWARE	26,677,695		10 - SQ	0	10.00 (a)	2,432,695	-	2,432,695		10 - SQ	0	2,432,695	-	2,432,695	-
TOTAL GENERAL PROPERTY	120,161,472				6.95	8,346,237	(70,049)	8,276,188				8,343,945	(87,536)	8,256,409	(19,779)
TELECOMMUNICATIONS															
381.1 MOBILE RADIOS	195,419		15 - SQ	0	6.67 (a)	13,034	-	13,034		15 - SQ	0	13,034	-	13,034	2,232
381.2 PORTABLE RADIOS	75,913		15 - SQ	0	6.67 (a)	3,798	(1,248)	2,510		15 - SQ	0	3,798	(796)	2,962	452
381.3 BASE STATIONS	-		30 - R4	0	3.17	4,495	(694)	3,801		30 - R4	0	4,207	(1,334)	2,873	(9)
382.1 RADIO SITES - ROADS	141,801		30 - R4	(5)	3.23	12,643	(3,677)	8,966		30 - R4	(5)	11,972	(8,194)	3,788	(5,178)
382.2 RADIO SITES - BUILDINGS	391,415		35 - SQ	(5)	6.67 (a)	12,643	(3,677)	8,966		35 - SQ	(5)	10,503	(3,016)	3,788	(5,178)
383 COORDINATION EQUIPMENT	1,521,798		25 - SQ	(5)	6.67 (a)	131,885	(7,519)	124,366		25 - SQ	(5)	144,521	(14,155)	130,366	(13,985)
384 SCADA EQUIPMENT	2,474,425		14 - L2	(5)	5.67	212,151	(121,180)	90,971		14 - L2	(5)	182,448	(121,106)	61,340	(28,631)
386 SCADA EQUIPMENT	3,741,840		10 - L2.5	0	6.70	56,341	(41,278)	15,063		10 - L2.5	0	47,247	(79,279)	(32,032)	(47,095)
388.1 TELEPHONE AND DATA COLLECTION EQUIPMENT	840,905		15 - R3	0	4.56	23,905	(25,703)	(1,798)		15 - R3	0	10,995	(27,098)	(16,103)	(14,305)
391 TELECOMMUNICATION TEST EQUIPMENT	524,225		15 - R3	0	4.56	23,905	(25,703)	(1,798)		15 - R3	0	10,995	(27,098)	(16,103)	(14,305)
TOTAL TELECOMMUNICATIONS	10,153,549				5.38	546,712	(185,961)	360,751				489,695	(232,559)	257,139	(103,612)
TOTAL DEPRECIABLE PLANT STUDIED	1,952,819,078					52,844,895	(108,194)	52,953,089				55,531,411	(644,971)	54,176,362	(1,223,293)

(a) Amortization rate shown is applicable to villages that are not fully amortized. (Amortization Rate/Amortization Period, Years)