

1      **Q. Please confirm that, in Order No. P.U. 40(2005), the Board approved deferred**  
2      **recovery of an increase in 2006 depreciation expense of \$5,793,000 in 2006 related to**  
3      **the conclusion of the amortization of the depreciation true-up approved in its**  
4      **previous GRA.**

5      A. It is confirmed.

6      While the Board approved the deferred recovery of the \$5,793,000 increase in  
7      depreciation expense, the Board declined to approve recognition of a portion of the 2005  
8      Unbilled Revenue to offset this increased cost as proposed by Newfoundland Power (see  
9      Order. No. P.U. 40 (2005), pages 11-12).

10     In addition, the Board declined to approve Newfoundland Power's proposal to recognize  
11     a portion of the 2005 Unbilled Revenue to offset an increase of \$1,157,000 in  
12     depreciation expense attributable to plant investment since the Company's last test year.  
13     Specifically, the Board found those increased expenses were properly dealt with in the  
14     context of a general rate application (see Order No. P.U. 40 (2005), pages 12-13).