

1 **Q. [ELG] – Please state whether the ELG proposed depreciation rates are in fact**  
2 **accurate as of 2012. In other words, are the annual age relationships reflected in the**  
3 **ELG calculation procedure developed on plant as of December 31, 2010 accurate as**  
4 **of the present time period or whether the passage of time has already caused each**  
5 **ELG-based depreciation rate to be no longer precisely accurate for plant in 2012 or**  
6 **2013. To the extent the Company believes that the ELG-based calculations are**  
7 **precisely accurate for the investments in each account as of the current time period**  
8 **or when rates will go into effect, please provide all support, justification, and**  
9 **documentation associated with such position (the request does not seek whether the**  
10 **ELG calculation rates were accurate as of the end of the depreciation test period,**  
11 **but whether the assumed relationships between vintage balances and expected**  
12 **retirements is still precisely the same as each vintage is now more than a year and a**  
13 **half older than it was at the time of the end of the depreciation test period.)**  
14

15 **A.** A remaining life depreciation rate (which is calculated in the case of Newfoundland  
16 Power through the use of a true-up) theoretically will change each year regardless of the  
17 depreciation procedure because the rate is dependent on the surviving vintage balances,  
18 plant activity, the reserve to plant ratio and the life and salvage parameters. Therefore, a  
19 depreciation rate – regardless of procedure – is time sensitive. However, depreciation  
20 professionals consider three to five years a reasonable period of time to review  
21 parameters and rates because the variability of each component will be small.