

1 **Q. [ELG] – Please state whether the Company’s accumulated provision for**  
2 **depreciation is based on an ELG reserve basis and if not, why not.**  
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4 A. The accumulated provision for depreciation is not maintained on an ELG or an ALG  
5 basis. Accumulated provision for depreciation is determined based on actual retirements,  
6 cost of removal and gross salvage charged to each account. The other component for  
7 accumulated provision for depreciation is the annual accrual amount, which is based on  
8 the annual accrual rate multiplied by the plant balance. Newfoundland Power has used  
9 the ELG procedure for its depreciation rates since 1982.