

1 **Q. [Net Salvage] – In response to CA-NP-122, the Company provides adjusted net**
2 **salvage information due to its new capitalization policy. At this time, please provide**
3 **all workpapers, assumptions, considerations, and material reviewed and/or relied**
4 **upon in sufficient detail to permit verification of the reasonableness of the percent**
5 **reductions provided. Further, provide all support and justification supporting why**
6 **the Company believes its pro forma amounts reflect reasonable and appropriate**
7 **levels for depreciation purposes.**

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9 A. All available workpapers, assumptions, considerations and material reviewed in
10 connection with the adjusted net salvage information were provided in the responses to
11 Requests for Information CA-NP-060 and CA-NP-534.

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13 As noted in the responses to Requests for Information CA-NP-060 and CA-NP-122,
14 Newfoundland Power's capitalization policy was implemented to ensure consistency in
15 internal labour cost allocation practices throughout the Company's operating regions.
16 Based on the input of experienced operations personnel, as referenced in the response to
17 Request for Information CA-NP-534, Newfoundland Power is satisfied that the
18 percentages reflected in the capitalization policy are reasonably representative of actual
19 cost breakdowns for the indicated activities. Accordingly, the pro forma amounts derived
20 based on the capitalization policy are also considered to be reasonably representative of
21 actual costs and, accordingly, are reasonable and appropriate to use for depreciation
22 purposes.