Q. [ELG] – Regarding the statement at the top of page 11 of Mr. Wiedmayer's testimony that the acceptance of the ELG procedure for Newfoundland Power "provides a benefit to customers in lower electric rates," and that a switch to an ALG calculation procedure would provide a short-term reduction in rates, but would be short-lived and customers would pay higher rates going forward once the short-term effect is exhausted, please state at what point between 1978 and 2012 did the lower return and taxes on a lower rate base due to previous higher depreciation expense more than offset the increased annual payments in depreciation expense due to the ELG calculation. The response should take into account new plant additions which would be subject to the higher approved ELG depreciation rates. Further, provide all underlying workpapers, assumptions, considerations, and material reviewed and/or relied upon in sufficient detail to permit verification of the results of the response, along with all calculations on electronic medium in Excel readable format with all formulas intact.

A. A precise calculation of the point in time between 1978 and 2012 when the lower return and taxes offset the increased annual payments in depreciation expense due to the ELG calculation would require extensive calculations based on the Company's entire history since 1978. Such calculation was not performed for the 2010 depreciation study, and is not reasonably capable of being completed within the schedule of this proceeding.

As indicated in the response to Request for Information CA-NP-620, based on the proposed rate of return and tax rates, it is estimated that the transition period will range from approximately 11 to 15 years.

The information presented in the response to Request for Information CA-NP-620 takes into account the impact of ELG on new plant additions, as well as the impact of such additions on rate base.

Based on the estimated crossover period from the response to Request for Information CA-NP-620, it is reasonable to expect that ELG resulted in lower revenue requirement than ALG by sometime in the early to mid-1990s at the latest. Given that rates of return were higher in the 1970s and 1980s, it is likely that the historic transition period was shorter than that projected in the response to Request for Information CA-NP-620.