

1 Q. Page 5, line 30 to Page 6, line 1

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3 In Order No. P.U. 47 (1982), the Board ordered that Newfoundland Power “shall use  
4 the unit summation procedure to calculate rates of depreciation for all of  
5 [Newfoundland Power’s] plant in service with effect from January 1, 1983.” In light of  
6 that order, please provide an explanation of what Mr. Pous means when he states  
7 that the ELG calculation procedure “is not required but rather is an elective  
8 alternative”.

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10 A. Newfoundland Power did comply with the Commission order in 1982 as it applied to that  
11 proceeding. All aspects of depreciation are subject to modification and adjustment in each  
12 subsequent proceeding before a regulatory body. Just as Newfoundland and Labrador  
13 Hydro recently changed its calculation procedure, the same opportunity exists for  
14 Newfoundland Power Company. Newfoundland Power could have elected to be consistent  
15 with Newfoundland and Labrador Hydro in utilizing the ALG procedure. Indeed, had  
16 Newfoundland Power elected the ALG procedure, that election would have resulted in  
17 consistent depreciation calculations for all components of charges to customers for different  
18 portions of the overall rates charged to customers.