

1 Q. Depreciation Study Results

2 Exhibit I Schedule I, pg. III-4&5 provides details of the book depreciation reserve as
3 at December 31, 2009. The total book depreciation reserve amount is
4 \$529,577,511. To assess the adequacy of Newfoundland and Labrador Hydro's
5 ("Hydro") book accumulated depreciation reserve amount, Gannett Fleming Inc., as
6 part of the depreciation study submitted with the Application (the "Depreciation
7 Study"), calculated the accrued depreciation amount for each asset category as at
8 December 31, 2009.

9 Please confirm that the difference between the book accumulated depreciation
10 reserve and the calculated accrued depreciation reserve provided in response to NP-
11 NLH-1 is proposed to be recovered over the remaining life of the assets through the
12 proposed depreciation rates.

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15 A. Yes, the difference of \$107 million between the book accumulated depreciation
16 reserve and the calculated accrued depreciation reserve provided in response to NP-
17 NLH-1 is proposed to be recovered over the remaining life of the assets through the
18 proposed depreciation rates.