

1 **Q. For how many years has Newfoundland Power calculated depreciation based on the**
2 **beginning of the year convention?**

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4 A. Prior to 2001 Newfoundland Power has always calculated depreciation expense using the
5 full-year depreciation convention. In 2001 the Company changed to the mid-year
6 convention upon the recommendation of its depreciation consultants, Gannett Fleming, as
7 contained in the 2001 depreciation study report filed with the Board on December 14,
8 2001.

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10 As noted on Page 33 of Grant Thornton's 2001 Annual Financial Review of
11 Newfoundland Power Inc., "This change resulted in a decrease in depreciation expense of
12 approximately \$864,000, which is a benefit to the consumer."