

1 **Q. What is the estimated cost to customers of Newfoundland Power's proposal to**  
2 **change from "beginning of year" to "mid year" as the reference point for**  
3 **depreciation?**  
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5 A. The change from the full-year to the mid-year convention for calculating depreciation  
6 expense reduces costs to customers.  
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8 As noted on Page 33 of Grant Thornton's 2001 Annual Financial Review of  
9 Newfoundland Power Inc., "This change resulted in a decrease in depreciation expense of  
10 approximately \$864,000, which is a benefit to the consumer."  
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12 For the 2003 test year, application of the mid-year convention results in a reduction in the  
13 Company's revenue requirement of approximately \$625,000, which again represents a  
14 benefit to the consumer.