

1 **NLH-IC-11** In its “Newfoundland and Labrador Hydro 2009 Annual Review”, the
2 Board’s financial consultant, Grant Thornton, LLP, reviewed both the
3 sinking fund and straight line methods of depreciation. Their report at
4 page 42 states “In completing our procedures, we recalculated
5 depreciation for both methods on a test basis and compared the estimated
6 service lives used in the calculations to the 1998 Depreciation Study. We
7 also reviewed the interest rates used in calculating sinking fund
8 depreciation for reasonableness.” No significant discrepancies were noted
9 in the interest rates used and Grant Thornton, LLP states that “depreciation
10 expense for 2009 does not appear unreasonable.” Does Ms. Lee accept
11 that Hydro’s depreciation expense calculations have been reviewed and
12 confirmed by the Board’s auditors?

13 **RESPONSE:** Ms. Lee accepts that Grant Thornton stated in the “Newfoundland and Labrador
14 Hydro 2009 Annual Review” that Hydro’s depreciation expense for 2009 was not
15 unreasonable. However, not knowing what specific information was reviewed by
16 Grant Thornton or at what level of detail, Ms. Lee is unable to make that same
17 verification.