

1 **Section 2: Customer Operations/Capital Expenditures**  
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3 **Q. Volume 1, Section 3, page 3-6, Table 3-4 and PUB Information Request (ii),**  
4 **Schedule B, Attachment 2, page 3 of 6. Depreciation expense is increasing by**  
5 **approximately \$5.1 million in 2024 Existing as compared to the 2023 test year, it**  
6 **increases by approximately \$3.6 million in 2025 Existing and there is a further**  
7 **increase of \$3.5 million in 2026 Existing. Newfoundland Power notes that this is the**  
8 **result of Newfoundland Power’s annual capital investment in the electrical system.**  
9 **Please provide more specific details of the increases in depreciation estimated for**  
10 **each of the years noted.**

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12 A. Newfoundland Power’s depreciation expense reflects the methodology and depreciation  
13 rates outlined in its *2019 Depreciation Study*.<sup>1</sup> The depreciation study and depreciation  
14 rates were approved by the Board during the *2022/2023 General Rate Application*.<sup>2</sup>

15  
16 Table 1 outlines the depreciation expense and variances by asset class for 2023 test year  
17 to 2026 existing.

**Table 1:**  
**Depreciation Expense by Asset Class**  
**2023TY to 2026E**  
**(\$000s)**

	<b>2023TY</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	<b>2024E</b> <b>vs.</b> <b>2023TY</b>	<b>2025E</b> <b>vs.</b> <b>2024E</b>	<b>2026E</b> <b>vs.</b> <b>2025E</b>
Steam	-	(7)	-	-	(7)	7	-
Hydro	5,583	5,686	5,833	5,968	103	147	135
Diesel	159	167	165	163	8	(2)	(2)
Gas	1,948	1,973	1,989	2,011	25	16	22
Substation	10,172	10,929	11,555	12,176	757	626	621
Transmission	6,013	6,606	7,105	7,565	593	499	460
Distribution	37,114	38,867	40,383	41,899	1,753	1,516	1,516
General Property	2,145	2,127	2,156	2,208	(18)	29	52
Transportation	3,507	4,138	4,529	4,867	631	391	338
Communications	335	351	362	368	16	11	6
Software	4,462	4,708	5,059	5,419	246	351	360
Hardware	2,090	2,246	2,241	2,281	156	(5)	40
CIS Project	930	1,766	1,766	1,766	836	-	-
<b>Total</b>	<b>74,458</b>	<b>79,557</b>	<b>83,143</b>	<b>86,691</b>	<b>5,099</b>	<b>3,586</b>	<b>3,548</b>

<sup>1</sup> The Gannett Fleming Valuation and Rate Consultants, LLC *2019 Depreciation Study* was filed in *Volume 3, A. Expert Evidence, Tab 1*, as part of the Company’s *2022/2023 General Rate Application*.

<sup>2</sup> See Order No. P.U. 3 (2022), pages 12 and 13.