

1 Q. Further to response to Request for Information NP-NLH-145:

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3 What amortization methodology does Concentric Advisors recommend for any
4 variances that will arise in the next depreciation study for differences between
5 calculated depreciation reserve and book depreciation reserve?

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8 A. This response has been provided by Concentric Advisors.

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10 Hydro utilizes a Remaining Life technique. This technique incorporates the
11 associated accumulated depreciation (i.e., book depreciation reserve) in the
12 numerator of net book value. The numerator is then divided by a denominator of
13 remaining life to derive annual accrual. Thus, each new depreciation study
14 incorporates the associated accumulated depreciation and automatically adjusts
15 the annual accrual for the position of the accumulated depreciation over the
16 estimated composite remaining life of the unit of property.