

1 Q. Re: Page 15, lines 9-11.

2 Does the fact that Newfoundland Power, the other utility in the province, uses the
3 ELG procedure influence in any way the decision on the appropriate depreciation
4 procedure for Hydro to use?

5 A. Generally, no. Either procedure permits full recovery of the costs of all assets in
6 the class over the life of the class.

7 Consider the findings of the Yukon Utilities Board which, after accepting a change
8 from the ELG procedure to the ASL procedure for the Crown-owned utility Yukon
9 Energy, rejected proposals to make this same change to the privately owned utility,
10 YECL. The YUB noted that consistency within a jurisdiction is important, but
11 consistency within a single utility is also an important and competing principle, and
12 relying on the latter to reach its conclusion (consistency within a utility over time),
13 as follows¹:

14 The Board acknowledges that both the ELG and ASL methods are recognized in
15 Canadian regulatory jurisdictions. Until 2005, both YECL and YEC utilized the ELG
16 method when determining the amounts to be included in depreciation. The Board,
17 with the exception noted below, finds that it is in agreement with the findings of
18 the depreciation study undertaken by Gannett Fleming Inc. It is the Board's view
19 that consistency is important and that it is not limited to methods employed across
20 utilities but requires a consistent use of methodology within a utility. In this
21 particular case, both YECL and YEC calculate depreciation and use depreciation
22 expense to determine overall revenue requirement. YECL has demonstrated that
23 it has consistently employed the same methodology. Therefore, the Board accepts
24 the use of the ELG method by YECL.

25 Also note that Northwest Territories has long used the ASL procedure for the
26 Crown-owned utility, and ELG for the private-sector utilities.

¹ Appendix A to YUB Order 2005-12, pages 30-31. Available at:
http://yukonutilitiesboard.yk.ca/pdf/Board%20Orders%202000/387_2005-12%20Appendix%20A.pdf
[accessed on December 15, 2017].