

1 Q. **Reference: RFI V-NLH-001**

2 **Reference: RFI IN-NLH-114**

3 **Reference: Exhibit 13, 2013 Test Year Cost of Service, page 40 of 109**

4 The depreciation amount for Vale’s terminal stations is \$10,180 (line 21, col 8). The
5 only explanation in V-NLH-001 is that “depreciation expense is a direct cost”. Please
6 provide the depreciation method, depreciation period and the terminal station
7 amount that is being depreciated.

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10 A. The terminal station assets without contributions and with depreciation in 2013 are
11 shown in the table below. The depreciation method used on all assets is straight
12 line over the average remaining life of the assets for the unit of property to which
13 each asset is assigned. The average remaining lives of the assets are determined in
14 accordance with Hydro’s latest depreciation study approved under Board Order No.
15 P.U. 40(2012).

16

17 The depreciation amount for terminal station assets specifically assigned to Vale
18 should be \$12,454. Hydro has incorrectly applied Vale’s contribution of \$75,780
19 related to an asset (Asset # 364577 Suspension Insulators) against assets specifically
20 assigned to Vale but coded as terminal station assets with a different service life.
21 As a result, Hydro has overstated its depreciation related to transmission lines by
22 \$4,059 and understated its depreciation on its terminal station assets by \$2,274.

Terminal Station Assets Without Contributions Specifically Assigned to Vale Inco

Asset Description	Unit of Property	Unit of Property Description	Life In Months	Original Cost	Depreciation Expense
B1L08, UPGRADE (L&M) WAV TS	C09	Circuit Breakers	414	66,322	1,922
DISCONNECT B1L08-1, WAV TS	D03	Disconnect Switches	310	55,465	2,147
DISCONNECT B1L08-2, WAV TS	D03	Disconnect Switches	310	55,465	2,147
GND SW L08G, WAV TS	D03	Disconnect Switches	310	55,465	2,147
CT, B1L08, APH, WAV TS	T06	Transformers - Pad Mount	377	60,539	1,927
CT, B1L08, CPH, WAV TS	T06	Transformers - Pad Mount	377	63,725	2,028
PT TL208 B PH, WAV TS	T05	Transformers - Other	426	<u>5,684</u>	<u>136</u>
Total				362,663	12,454