

1 **Q. [ELG] – Regarding the statement at the bottom of page 15 of Mr. Wiedmayer’s**
2 **rebuttal testimony that making dramatic, major, or significant changes requires**
3 **overwhelming evidence, please provide what constitutes a dramatic, major, or**
4 **significant change, and the corresponding support for the response.**
5

6 A. The scale of the change in service life that constitutes a dramatic, major or significant
7 change depends in part on the life of the account in question. However, for most longer
8 lived transmission and distribution plant accounts, a change of more than five years is
9 considered significant, assuming that periodic studies have been performed (that is,
10 depreciation studies have been conducted every three to five years).
11

12 For net salvage data, the definition of a significant change is often more difficult than it is
13 for life estimates. While gradual changes of 5 or 10 percentage points would be
14 preferred, existing estimates are often far lower than indicated by the historical data. As
15 an example, if the existing net salvage estimate is negative 50%, but the average
16 historical net salvage is negative 100% and the most recent data shows negative 200%, a
17 minor change of 5 percentage points would be insufficient to bring the net salvage
18 estimate in line with actual experience. The data in such a case would be significant
19 enough to support a much more negative net salvage estimate (that is, a significant
20 change).