

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 a specific explanation of whether Gannett**
4 **Fleming’s proposal to increase negative net salvage from a -10% to a -25% (a 250%**
5 **change) constitutes a dramatic, major, or significant change between studies, and if**
6 **so, what constitutes the overwhelming evidence that supports such a major change**
7 **for Accounts 362.1 and 362.2 – Wood Poles Under 35 Feet and those 35 Feet and**
8 **Over between the 2005 and 2010 depreciation studies.**
9

10 A. The change from negative 10% to negative 25% represents a 150% increase, not a 250%
11 increase in negative net salvage. Further, percentage increases for net salvage can often
12 be misleading, especially for estimates close to zero. For example, an increase in
13 negative net salvage from negative 5% to negative 10% would represent a 100% increase,
14 but in fact represents a relatively small increase of 5 percentage points.
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16 That said, Mr. Wiedmayer does consider the change from negative 10% to negative 25%
17 to be fairly significant. However, as has already been discussed in the response to
18 Request for Information CA-NP-084, Attachment A, page 34, the reason net salvage was
19 much less negative in the past was due to an accounting practice prior to 2000 that led to
20 much higher levels of reuse salvage. This accounting practice will not be in place going
21 forward, and thus the future is expected to be more similar to the most recent ten and five
22 year periods. Due to the significant change in practice for this account, a more
23 significant change in the net salvage estimate was warranted.