

1 Q. Revised [Account D01 - Dams & Dikes] - Please fully explain and justify why the
2 \$1,781,039 reserve level for Account D01 - Dams & Dikes as set forth on page III-4
3 of the 2009 Gannett Fleming depreciation study represents an appropriate and
4 realistic value. The response should clearly demonstrate and justify why such a
5 limited value is appropriate, especially given Gannett Fleming's presentation on
6 page IV-53 of its 2009 depreciation study that no retirement activity has been
7 reported for the account and the prior reserve levels in Gannett Fleming's 2005
8 depreciation study. To the extent reserve values have been reduced due to
9 retirements, transfers, or other transactions, specifically identify such transactions
10 on an annual basis, clearly identifying where such values were transferred or
11 adjusted to, and full justification supporting the adjustments. Finally, provide all
12 historical transactions beginning with the values in the 2005 depreciation study that
13 result in the current presentation of only \$1,781,039 of reserve. The response
14 should also identify the applicable depreciation rate applied to the specific gross
15 plant balances by month during the period subsequent to the depreciation test year
16 values presented in the 2005 Gannett Fleming study. The response should also
17 provide all necessary underlying documentation to support the actions taken by the
18 Company to arrive at the \$1.8 million value. The information should be provided on
19 electronic medium in Excel readable format.

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22 A. The reserve value of approximately \$1.8 million is a realistic value as the majority of
23 the assets use the sinking fund method of depreciation with a long service life as
24 shown in CA-NLH-152 Attachment 1. Please refer to CA-NLH-151 Attachment 1 for
25 a listing of historical transactions that occurred since the 2005 Gannett Fleming
26 study to the 2009 Gannett Fleming study achieving a reserve level of approximately
27 \$1.8 million. The applicable depreciation rate is also listed by asset number in CA-

- 1 NLH-152 Attachment 1. Since the 2005 Depreciation Study was not implemented,
- 2 the depreciation rate remains the same for each month.

2009 Asset Listing for Account D01 - Dams & Dykes

Asset Number	Description	Depreciation Start Date	Depreciation Method	Depreciation Percentage	Service Life in Months	Net Depreciable Cost (\$)	Accumulated Depreciation (\$)	2009 Depreciation Expense (\$)
58556	Dam-Ebbe	1/1/1967	Sinking Fund	5	1200	441,000	(20,031)	1,142
61026	Canal – No- Name Brook Diversion	12/12/1980	Sinking Fund	11	1200	777,901	(316)	34
62037	Cat - Power Tunnel (Rockcut)	8/2/1985	Sinking Fund	14	1200	22,443,376	(544)	74
62948	PRV Power Tunnel	3/9/1989	Sinking Fund	10	1200	3,300,335	(1,459)	154
110006	VD3 - Victoria Dam	1/1/1970	Sinking Fund	8	1200	6,213,000	(49,829)	3,983
110007	VD4 - Victoria Spillway Dykes	1/1/1970	Sinking Fund	8	1200	175,000	(1,404)	112
110010	VD-1-S - Victoria Control Stru	1/1/1970	Sinking Fund	8	1200	116,000	(930)	74
110012	Victoria Canal.	1/1/1970	Sinking Fund	8	1200	1,735,000	(13,915)	1,112
110014	MD-11 - Burnt Dam	1/1/1970	Sinking Fund	8	1200	4,009,000	(32,153)	2,570
110016	Burnt Canal	1/1/1970	Sinking Fund	8	1200	7,618,000	(61,098)	4,884
110024	MSD-8 - Granite Overflow Spill	1/1/1970	Sinking Fund	8	1200	1,890,000	(15,158)	1,212
110026	MD10 - Granite Dam	1/1/1970	Sinking Fund	8	1200	6,381,000	(51,177)	4,091
110027	Granite Canal	1/1/1970	Sinking Fund	8	1200	8,258,000	(66,231)	5,294
110031	MD-2 - Pudops Dam	1/1/1967	Sinking Fund	5	1200	4,560,000	(207,127)	11,813
110036	LD-1N - 4 - Bay d' Espoir Intake	1/1/1978	Sinking Fund	10	1200	3,302,373	(3,627)	359
110037	LD-1 - Power Canal Embankment	1/1/1967	Sinking Fund	5	1200	3,502,000	(159,070)	9,072
110038	LD-2 - North West Cutoff Cam	1/1/1967	Sinking Fund	5	1200	4,526,000	(205,583)	11,725
110039	LD-3 - South East Cutoff Dam	1/1/1967	Sinking Fund	5	1200	330,500	(15,012)	856
110040	LD-4 - South West Cutoff Dam	1/1/1967	Sinking Fund	5	1200	330,500	(15,012)	856
110041	LD-5 - Salmon River Dam	1/1/1967	Sinking Fund	5	1200	2,735,000	(124,231)	7,085
110050	SD-Pc Rt. - Upper Salmon Power	1/21/1983	Sinking Fund	12	1200	13,097,104	(1,474)	178
110051	SD-Pc Lt. - Upper Salmon Power	1/21/1983	Sinking Fund	12	1200	13,097,104	(1,474)	178
110052	SD-1 - West Salmon Dam	1/21/1983	Sinking Fund	12	1200	19,880,729	(2,238)	271
110054	SD-2 - North Salmon Dam	1/21/1983	Sinking Fund	12	1200	8,605,539	(969)	117
110057	HD-PC - Hinds Lake Power Canal	12/12/1980	Sinking Fund	11	1200	7,740,071	(3,148)	341
110058	HD-PC HLK Power Canal Dyke	12/12/1980	Sinking Fund	11	1200	7,740,071	(3,148)	341
110060	HD-1 - Hinds Lake Main Dam	12/12/1980	Sinking Fund	11	1200	10,619,582	(4,319)	467
110062	HD-2 - No-Name Brook Diversion	12/12/1980	Sinking Fund	11	1200	723,976	(294)	32
110063	HD-3 - Bluegrass Diversion Dyk	12/12/1980	Sinking Fund	11	1200	646,971	(263)	28
110065	HD-5 Bluegrass Diversion Dam	12/12/1980	Sinking Fund	11	1200	2,958,987	(1,203)	130
110066	HD-6 - Goose Pond Dam	12/12/1980	Sinking Fund	11	1200	1,335,055	(543)	59
110067	HD-7 - Goose Pond Dyke No. 1	12/12/1980	Sinking Fund	11	1200	915,292	(372)	40
110072	HD-9 - Eclipse Dam	12/12/1980	Sinking Fund	11	1200	1,236,710	(503)	54
110075	CD-1 - Cat Arm Dam 1	8/2/1985	Sinking Fund	14	1200	1,965,750	(48)	6
110076	CD-2 - Cat Arm Dam 2	8/2/1985	Sinking Fund	14	1200	463,245	(11)	2
110078	CD-4 - Cat Arm Dam 4	8/2/1985	Sinking Fund	14	1200	14,504,952	(351)	48
110079	CD-5 - Cat Arm Dam 5	8/2/1985	Sinking Fund	14	1200	313,123	(8)	1

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Depreciation Methodology and Asset Service Lives

Asset Number	Description	Depreciation Start Date	Depreciation Method	Depreciation Percentage	Service Life in Months	Net Depreciable Cost (\$)	2009	
							Accumulated Depreciation (\$)	Depreciation Expense (\$)
110080	CD-6 - Cat Arm Dam West	8/2/1985	Sinking Fund	14	1200	53,223,516	(1,289)	174
110083	CD-8 - Cat Arm Dam 8	8/2/1985	Sinking Fund	14	1200	2,672,300	(65)	9
110084	CD-9 - Cat Arm Dam 9	8/2/1985	Sinking Fund	14	1200	7,363,307	(178)	24
110086	CD-11 - Cat Arm Dam C	8/2/1985	Sinking Fund	14	1200	27,690	(0)	0
110087	CD-12 - Cat Arm Dam B	8/2/1985	Sinking Fund	14	1200	950,865	(23)	3
110088	Forebay Canal - Cat Arm	8/2/1985	Sinking Fund	14	1200	9,846,920	(238)	32
110090	PD-1 - Paradise River Arch Dam	3/9/1989	Sinking Fund	10	1200	6,557,552	(2,899)	306
299176	Slope Stab. - U.S. P.Canal	11/15/2005	Sinking Fund	8	1200	2,464,602	(482)	130
299177	Slope Stab. - U.S. P.Canal	8/30/2005	Sinking Fund	8	1200	264,383	(56)	14
333910	Powerhouse Slope/Embankment	12/1/2009	Sinking Fund	7	1200	704,177	(3)	3
99003771	Trailrace & Diversion Channel	3/9/1989	Sinking Fund	10	1200	178,821	(79)	8
99003887	Tailrace - Cat Arm	8/1/1985	Sinking Fund	14	1200	1,174,151	(28)	4
99003888	Forebay Tunnel - Cat Arm	8/1/1985	Sinking Fund	14	1200	5,337,894	(129)	17
99003889	Power Canal	8/1/1985	Sinking Fund	14	1200	4,463,052	(108)	15
99003997	Diversion Canal #1 From Great	1/21/1983	Sinking Fund	12	1200	4,425,841	(498)	60
99003998	Power Canal (Diversion Canal #	1/21/1983	Sinking Fund	12	1200	3,683,729	(415)	50
99003999	Tailrace Channel	1/21/1983	Sinking Fund	12	1200	9,733,693	(1,096)	132
99004000	Downstream Channel	1/21/1983	Sinking Fund	12	1200	3,360,190	(378)	46
99004298	Tailrace Channel- (Powerhouse	12/12/1980	Sinking Fund	11	1200	993,541	(404)	44
99005543	Survey Works For The North Dam	11/13/1983	Sinking Fund	15	1200	2,949	0	0
99005555	Survey Work For The South Dam	11/13/1983	Sinking Fund	15	1200	1,475	0	0
99005609	Survey Work For The Power Cana	11/13/1983	Sinking Fund	15	1200	2,949	0	0
99005611	Ebbegunbaeg Canal - Stage 1	1/1/1967	Sinking Fund	5	1200	660,000	(29,979)	1,710
99005615	Tailrace Channel - Bay d'Espoir	1/1/1967	Sinking Fund	5	1200	741,000	(33,659)	1,920
99005616	Tailrace Channel - Bay d'Espoir	1/1/1970	Sinking Fund	8	1200	1,473,000	(11,814)	944
99005617	Tailrace Channel - Bay d'Espoir	1/1/1978	Sinking Fund	10	1200	1,644,386	(1,806)	179
99005881	Dams & Dykes Price Nfld. Settle	1/1/1978	Sinking Fund	10	1200	2,000,000	(1,862)	188
99032066	Ebbegunbaeg Canal-Stage 2	1/1/1970	Sinking Fund	10	1200	3,120,000	(7,781)	752
99041926	Power Canal	7/1/2003	Sinking Fund	8	1200	18,149,797	(6,084)	1,138
99041935	Tailrace	7/1/2003	Sinking Fund	8	1200	10,069,238	(3,382)	632
99043288	Survey Work For The South	11/13/1983	Sinking Fund	15	1200	1,475	0	0
99004295	Canals - H Lake Power Canal -(	10/31/1989	Sinking Fund	9	1092	53,621	(60)	6
99003843	Chainage Markers Dam 1	11/1/1986	Sinking Fund	10	1020	21	0	0
99003845	Chainage Markers Dam 2	11/1/1986	Sinking Fund	10	1020	21	0	0
99003862	Chainage Markers For Dams	11/1/1986	Sinking Fund	10	1020	2,667	(5)	0
99003866	Chainage Markers Dam 4	11/1/1986	Sinking Fund	10	1020	872	(1)	0
99003869	Chainage Markers Dam 5	11/1/1986	Sinking Fund	10	1020	21	0	0
99003872	Chainage Markers Dam A	11/1/1986	Sinking Fund	10	1020	513	(1)	0

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Depreciation Methodology and Asset Service Lives

Asset Number	Description	Depreciation Start Date	Depreciation Method	Depreciation Percentage	Service Life in Months	Net Depreciable Cost (\$)	2009	
							Accumulated Depreciation (\$)	Depreciation Expense (\$)
99003875	Chainage Markers Dam B	11/1/1986	Sinking Fund	10	1020	21	0	0
99003878	Chainage Markers Dam C	11/1/1986	Sinking Fund	10	1020	21	0	0
99003881	Chainage Markers Dam D	11/1/1986	Sinking Fund	10	1020	974	(2)	0
99003979	Supply & Install Chainage Mark	12/1/1984	Sinking Fund	12	1020	411	0	0
99003981	Supply And Install Chainage Mark	12/1/1984	Sinking Fund	12	1020	822	(0)	0
99003995	Supply And Install Chainage Mark	12/1/1984	Sinking Fund	12	1020	1,438	(1)	0
99005564	Chainage Markers For Mulpaeg R	12/1/1984	Sinking Fund	14	1020	1,227	0	0
99005567	Chainage Markers - Mulpaeg Res	12/1/1984	Sinking Fund	14	1020	1,342	0	0
99005573	Chainage Markers - Burnt Dam	12/1/1984	Sinking Fund	14	1020	4,313	(1)	0
99005578	Chainage Markers At Mulpaeg Re	12/1/1984	Sinking Fund	14	1020	1,265	0	0
99005581	Chainage Markers - Victoria Da	12/1/1984	Sinking Fund	14	1020	1,438	0	0
99043340	Supply And Install Chainage	12/1/1984	Sinking Fund	12	1020	1,438	(1)	0
99005550	Long Pond Reservoir Improvement	12/10/1988	Sinking Fund	10	936	340,606	(1,252)	132
99005557	South Dam Long Pond Reservoir	12/10/1988	Sinking Fund	10	936	72,113	(271)	28
99005559	Salmon Dam Long Pond Reservoir	12/10/1988	Sinking Fund	10	936	215,926	(794)	84
99005610	Power Canal - Long Pond Reserve	12/10/1988	Sinking Fund	10	936	1,428,563	(5,251)	554
99032084	Dam & Dykes - Long Pond Reserve	12/10/1988	Sinking Fund	10	936	15,124	(56)	6
99043289	South Dam Long Pond Reserve	12/10/1988	Sinking Fund	10	936	72,113	(259)	28
99004268	Dam & Dykes - Eclipse Dam -(I	11/2/1982	Sinking Fund	14	900	3,233	(4)	1
99004286	Canals - H Lake Power Canal-(R	11/1/1982	Sinking Fund	14	900	5,464	(7)	1
99004288	Canals - H Lake Power Canal -	11/1/1982	Sinking Fund	14	900	12,934	(18)	2
99020543	Water Conveying & Control – D	12/13/1993	Sinking Fund	10	876	4,712	(11)	1
110032	MD-12 - Ebbegunbaeg Overflow S	10/15/1989	Sinking Fund	11	624	1,968,500	(53,306)	6,231
110009	VD-1 - Victoria Control Dyke N	9/30/1991	Sinking Fund	10	600	93,998	(3,700)	410
110011	VD-2 - Victoria Control Dyke N	9/30/1991	Sinking Fund	10	600	93,998	(3,700)	410
110017	Burnt Pond Fuse Plug	9/30/1991	Sinking Fund	10	600	1,013,352	(39,885)	4,423
9043341	To Improve Erosion Control	10/31/1984	Sinking Fund	14	600	1,530	(50)	7
99003861	Surveying For Cat Arm Dykes	11/1/1985	Sinking Fund	11	600	1,609	(80)	9
99003865	Surveying - To Provide Layout	11/1/1985	Sinking Fund	11	600	643	(32)	4
99003868	Surveying - To Provide Layout	11/1/1985	Sinking Fund	11	600	193	(10)	1
99003871	Surveying - To Provide Layout	11/1/1985	Sinking Fund	11	600	193	(10)	1
99003874	Surveying - To Provide Layout	11/1/1985	Sinking Fund	11	600	193	(10)	1
99003877	Surveying - To Provide Layout	11/1/1985	Sinking Fund	11	600	193	(10)	1
99003880	Surveying - To Provide Layout	11/1/1985	Sinking Fund	11	600	193	(10)	1
99003983	Standing Stock Fisheries Study	10/1/1986	Sinking Fund	10	600	21,717	(1,410)	147
99003996	To Improve Erosion Control Of	10/31/1984	Sinking Fund	14	600	1,530	(52)	7
99004004	Dam & Dykes - H Lake Dam (Surv	8/31/1983	Sinking Fund	15	600	6,587	(205)	28
99004005	Dam & Dykes - H Lake Dam -(Per	11/15/1983	Sinking Fund	15	600	18,791	(582)	80

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Depreciation Methodology and Asset Service Lives

Asset Number	Description	Depreciation Start Date	Depreciation Method	Depreciation Percentage	Service Life in Months	Net Depreciable Cost (\$)	2009	
							Accumulated Depreciation (\$)	Depreciation Expense (\$)
99004287	Canals - H Lake Power Canal -(	11/1/1982	Sinking Fund	15	600	37,880	(1,154)	166
99004290	Canals - H Lake Power Canal -	4/2/1983	Sinking Fund	15	600	408,746	(12,017)	1,714
99004291	Canals - H Lake Power Canal -(	12/16/1983	Sinking Fund	14	600	6,524	(223)	30
99004292	Canals - H Lake Power Canal -(	1/1/1984	Sinking Fund	15	600	3,778	(112)	16
99004293	Canals - H Lake Power Canal -	10/31/1984	Sinking Fund	14	600	4,591	(154)	20
99005552	Dyke And Dam Chainage Markers	11/11/1989	Sinking Fund	11	600	7,221	(249)	29
99005565	Permanent Bench Marks, Layout	1/1/1985	Sinking Fund	13	600	2,587	(87)	11
99005568	Permanent Bench Marks & Layout	1/1/1985	Sinking Fund	13	600	2,587	(87)	11
99005572	Permanent Weirs C/W Protective	11/11/1983	Sinking Fund	15	600	15,659	(485)	67
99005574	Permanent Bench Marks & Layout	1/1/1985	Sinking Fund	13	600	6,898	(233)	30
99005577	Permanent Weirs C/W Protective	11/11/1983	Sinking Fund	15	600	15,659	(485)	67
99005579	Permanent Bench Marks And Layo	1/1/1985	Sinking Fund	13	600	2,587	(87)	11
99005582	Permanent Bench Marks & Layout	1/1/1985	Sinking Fund	13	600	2,587	(87)	11
99005607	Chainage Markers - Power Canal	1/1/1984	Sinking Fund	15	600	1,889	(56)	8
93176	Buildings/Grounds/Property Dam	1/1/1982	Straight Line	0	600	234,555	(131,350)	4,691
109771	Red Cliff Dam (SV2) - Snook's	11/24/1997	Straight Line	0	600	139,596	(33,968)	2,792
109772	Western Pond Dam - (SV3) – Sno	11/29/1996	Straight Line	0	600	151,710	(39,950)	3,034
109773	Arm Chair Pond Dam - (SV4) – S	10/26/1998	Straight Line	0	600	93,238	(20,979)	1,865
299478	Dam-Roddickton Mini-Hydro	9/30/2005	Straight Line	0	600	134,298	(11,639)	2,686
99001974	Tailrace Runner (Between Butte	1/1/1982	Straight Line	0	600	0	0	0
99003863	Preparation Of 2 Boat Launches	11/22/1989	Sinking Fund	11	528	263,425	(18,702)	2,134
99004006	Dam & Dykes - H Lake Dam -(Leg	12/31/1992	Sinking Fund	7	444	4,472	(847)	82
99004272	Dam & Dykes - Blue Grass Dam -	12/31/1992	Sinking Fund	7	444	6,708	(1,270)	122
99004274	Dam & Dykes - Goose Pond Dam -	12/31/1992	Sinking Fund	7	444	8,944	(1,694)	163
99004296	Canals - H Lake Power Canal -(	12/31/1992	Sinking Fund	7	444	17,887	(3,387)	327
109802	Goat Pond Dam - (SV6) – Venam's	10/27/2000	Straight Line	0	360	129,943	(40,065)	4,331
109803	Dump Pond Dyke - (SV7) – Venam's	11/5/1999	Straight Line	0	360	50,409	(17,083)	1,680
109804	Dump Pond Dyke - (SV7a) – VBT	11/5/1999	Straight Line	0	360	50,409	(17,083)	1,680
62895	Water Level Measuring Equip.-W	5/20/1994	Sinking Fund	10	300	3,549	(1,221)	145
7534	Quarry Brook Dam & Fishway Sys	11/26/1993	Straight Line	0	72	146,224	(146,224)	0
						351,201,751	(1,781,039)	117,863