

1 Q. Please refer to the response to CA-NLH-161, Attachment 2. Asset numbers 60910 –  
2 62907 show no depreciation expense for the months January – April 2005 but a  
3 large amount of depreciation expense is shown in May 2005. Explain why no  
4 expense was apparently recorded for 4 months and what caused the large expense  
5 in May 2005. Asset numbers 99004003 – 99005621 seem to indicate negative  
6 depreciation expense for May 2005. Explain how and why this happened. Asset  
7 number 304240, Snook's Arm Steel Penstock, shows no applicable depreciation rate  
8 but yet depreciation expense of \$42,949 is shown. Explain how this is possible.

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11 A. The merger of asset records resulted in both positive and negative transactions as  
12 values were transferred from one record to another. The response to CA-NLH-161  
13 Attachment 2 shows both transactions. Asset numbers 60910 - 62907 that show no  
14 depreciation expense for the months January – April 2005 but show a large amount  
15 of depreciation expense in May are due to Asset Transfers which occurred by  
16 merging financial records with the operational records. The total cost, contribution,  
17 accumulated depreciation and monthly depreciation expense was transferred to  
18 each new asset. These transfers were made in May, 2005 which results in the large  
19 amount of depreciation expense recorded in that month.

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21 Asset numbers 99004003 - 99005621 show a large negative depreciation expense in  
22 May due to Asset Transfers which occurred by merging the financial records with  
23 the operational records. These transfers were made in May, 2005 which results in  
24 the large amount of negative depreciation expense recorded in that month.

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26 No applicable depreciation rate is shown for asset number 304240, Snook's Arm  
27 Steel Penstock because this asset is a straight line asset. Hydro calculates the

1 straight line method of depreciation by dividing the net depreciable cost by the  
2 service life in months. The annual depreciation expense on this asset is calculated  
3 by dividing the original cost of \$2,147,469 by the life in months, 600 and multiplying  
4 the result by 12 months which is \$42,949 as shown on CA-NLH-161 Attachment 2,  
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