Q. Hydro's 2009 depreciation study reflects both a change in depreciation methodology from sinking fund to straight line depreciation and a change in account life and curve characteristics. Please quantify the change in depreciation expense from currently prescribed depreciation rates based on December 31, 2009 plant investment that relates only to the proposed change from sinking fund methodology to straight line methodology and that relates only to the change in life and curve projections.

A. A change in depreciation methodology only, from sinking fund to the straight line method, would result in an increase in annual depreciation expense of $27.3 million in 2011. If there is no change in methodology, but solely a change to Gannett Fleming's new recommended whole lives, there would be a decrease in annual depreciation expense of $20.3 million in 2011.

It is noted that the combination of:

- A change in depreciation methodology from sinking fund to the straight line method;
- a change to Gannett Fleming's new recommended whole lives; and
- a change from unit depreciation applied using the whole life technique to implementation of group depreciation using the average service life procedure applied using the remaining life technique, in combination, results in a decrease in estimated 2011 depreciation expense of $1.1 million as outlined in Hydro's evidence.