

1 Q. Please refer to Hydro's response to CA-NLH-173, Attachment 2. Please explain how
2 the depreciation percentage column was calculated. Please show all formulae and
3 calculations used in deriving the rates shown in the depreciation percentage
4 column. Some asset numbers have depreciation rates of 0.00%. Please explain why
5 many of the assets show 0.00% depreciation rate. Please identify the Board Order
6 authorizing a 0.00% depreciation rate. By way of example, please provide all
7 calculations and assumptions used in calculating the sinking fund 2009 depreciation
8 expense for a given asset, including the assumed interest rate. Please identify the
9 source of each assumption.

10

11

12 A. Please refer to CA-NLH-251 for a description of how the depreciation percentage
13 column was calculated.

14

15 In the listing provided in response to CA-NLH-173, Attachment 2, some of the assets
16 show a 0.00% depreciation rate. These assets relate to records which are
17 depreciated using the straight line method of depreciation and whose lives are
18 listed in the column labeled "Service Life in Months" in attachment 2 for CA-NLH-
19 173. The depreciation percentage column is for assets depreciated under the
20 sinking fund method of depreciation only. Therefore, all assets depreciated using
21 the straight line method of depreciation have 0.00% in the depreciation percentage
22 column.

23

24 For an example of all calculations used in calculating the sinking fund 2009
25 depreciation expense for a given asset, please see CA-NLH-251, Attachment 1.