

1 **Reference: On page 16, lines 26 to 28 Mr. Pous states “...Hydro recognizes only \$47.50 of**
2 **depreciation expense on an annual basis for 2009. This miniscule amount is due to its**
3 **“practice” of retaining the original interest rate over the life of the investment”.**

4
5 **Q. Does Mr. Pous acknowledge that the “miniscule” amount of \$47.50 is not solely due**
6 **to Hydro’s “...“practice” of retaining the original interest rate over the life of the**
7 **investment” as is implied in this statement?**

8
9 A. Yes. The Company’s practices are employed in conjunction with the sinking fund method,
10 the plant balance, and the assumed service life. The “miniscule” amount referenced by Mr.
11 Pous is based on the assumption that the sinking fund method and dollar amounts were
12 given or set and it was Hydro’s internal and unilateral decision to make it a practice to retain
13 a high interest rate within the confines of the sinking fund approach that resulted in the
14 \$47.50 amount.