

1   **Q.    Using straight line depreciation of \$12,087.46 per month as shown on page 16, line**  
2       **17 of Mr. Pous' evidence, for the 293 months that the Cat Arm Dam 4 was in service**  
3       **to December 31, 2009, would result in \$3,541,625.78 accumulated depreciation. Mr.**  
4       **Pous has stated that updating the WACC rate would result in \$24,986.18 based on**  
5       **the information outlined in this section of the evidence. Does Mr. Pous acknowledge**  
6       **that updating the interest rate as proposed only adjusts ((\$24,986.18-**  
7       **\$351.32)/\$3,541,625.78) 0.696% of amount that would have otherwise been**  
8       **accumulated under straight line depreciation?**  
9

10   **A.    Yes, based on the facts and circumstances set forth in the example presented, which did**  
11       **not reflect the change of interest rate during earlier periods due to refinancing or**  
12       **replacement of debt at lower costs.**