

1 **Reference: In his evidence at page II-4, Mr. Kennedy states “The United States Security**
2 **Exchange Commission (SEC) recognized that the sinking fund method does not result in an**
3 **appropriate allocation of depreciation expense and mandated in the early 1980’s that the**
4 **sinking fund method could not be used by publicly traded companies.” Subsequent to**
5 **when Mr. Pous commenced performing depreciation analyses approximately 40 years ago**
6 **and prior to the SEC mandating that the sinking fund method could not be used by publicly**
7 **traded companies.**

8
9 **Q. Please outline in detail:**

- 10 a) **A list of all US and Canadian utilities which used the sinking fund method of**
11 **depreciation during that period;**
- 12 b) **Indicate, for each utility, whether or not the original sinking fund rate was**
13 **maintained throughout the life of the assets or until the sinking fund**
14 **methodology was abandoned; and**
- 15 c) **If the original sinking fund rate was not maintained throughout the life of the**
16 **assets, please outline the basis for the revised rate. Please provide all**
17 **documentation including any related regulatory orders.**

- 18
19 **A. a. Mr. Pous has not performed the requested analysis, but does not recall any such**
20 **situation for any case in which was involved.**
- 21 b. See the response to a.
- 22 c. See the response to a.