

1 **Reference: Mr. Pous' evidence page 19, lines 5 to 7**

2
3 **Q. In light of the approval granted by the Board in Order No. P.U. No. 7(2002-2003), on**
4 **what basis is the answer "No" given as an answer to the question "Did Hydro seek**
5 **Board approval for which assets were subjected to the sinking fund method?**
6

7 A. No. See page 58 of Board Order No. P.U. 7(2002-2003). There is no reference to
8 depreciation approaches by asset specifics being approved, nor that any specifics were
9 approved in the depreciation study other than final rates. For example, in both the 2005 and
10 the 2007 Gannett Fleming studies, one cannot tell which assets are subject to sinking fund
11 and which are not. Based on Mr. Pous' extensive experiences in analyzing depreciation
12 studies of all types, the level of meaningful detail (not number of pages provided) in
13 depreciation studies filed before regulatory bodies, provides very little about the actual
14 basis of the ultimate depreciation rates reflected therein. The review of the underlying and
15 meaningful assumptions, practices, procedures, and policies almost exclusively cannot be
16 determined based on a review of the limited information provided in a depreciation study
17 filed by a utility before a regulatory body. Had Hydro sought specific approval for asset
18 segregation between sinking fund and straight line depreciation, it is not referenced in the
19 order.