

1 **Reference: On page 24, lines 7 to 10, Mr. Pous states that “even though plant remains in**  
2 **service and a Board-approved depreciation rate exists of a particular asset, Hydro will**  
3 **ignore such facts, and based on its unilateral opinion that an asset has become fully**  
4 **accrued, it will in effect change the depreciation rate to zero (0).”**  
5

6 **Q. Please confirm that if a regulator approves a service life in years on a unit basis**  
7 **rather than a depreciation rate, that a utility would logically stop depreciating its’**  
8 **assets once they reached the end of the approved service life.**  
9

10 A. If a regulatory body approves an amortization process, the premise in the Company’s  
11 request is confirmed. However, to the extent assets are presented to a regulator on a  
12 depreciation basis where a depreciation rate is submitted, then it has been Mr. Pous’  
13 experience that depreciation rates which incorporate the useful life of the asset are the  
14 governing parameter approved for use. This is confirmed for Hydro by Grant Thornton’s  
15 2009 Annual Financial review at page 42. There Grant Thornton references “reviewing the  
16 rates of depreciation used” by Hydro.