

1    **Q.    Hydro is required to perform five separate cost of service studies for its systems:**  
2        **Island Interconnected, Labrador Interconnected, Island Isolated, Labrador Isolated**  
3        **and L'Anse au Loup. Separate rate base and revenue requirements are required for**  
4        **each system. Please advise how this use of the asset records has been factored**  
5        **into Mr. Pous' recommendation on group accounting.**  
6

7    **A.**    The derivation of the various depreciation rates is based on a total system basis. The  
8        resulting rate should be applied to plant balances in each separate division, category,  
9        jurisdiction, etc. maintained by Hydro. To the extent Hydro believes that the life  
10       characteristics for the same plant category between different service areas, rate areas, etc.  
11       are warranted, then it should segregate the asset into separate groups and perform group  
12       depreciation analysis on each such separate group.