

1 **Reference: Page 29, lines 21, 25, states: “For example, if Hydro recovers \$100 for a \$100**
2 **investment and ceases the booking of depreciation to the accumulated provision for**
3 **depreciation, but later incurs \$10 of cost of removal when the asset actually retires, it will**
4 **book such amounts to the accumulated provision for depreciation and once again need to**
5 **establish a depreciation expense necessary to recover that amount from future customers.”**
6

7 **Q. Please confirm that the above example quoted by Mr. Pous in his evidence is the**
8 **manner in which Mr. Pous understands that Hydro recovers its cost of retirement of**
9 **assets. If Mr. Pous cannot provide such confirmation, please outline Mr. Pous’**
10 **understanding of the method used for the collection of net salvage used by Hydro.**
11

12 **A. The example set forth in Mr. Pous’ testimony corresponds to the remaining life technique**
13 **proposed by Hydro to be utilized in the future. Hydro has indicated that it believes its**
14 **current net salvage is zero (0), but reserves the right to recognize net salvage in the**
15 **remaining life technique in future proceedings.**