

1 **NLH-IC-13** The third observation indicates that "... the company plans to apply the
2 group depreciation rate to each unit of property within the group account.
3 This is fundamentally inconsistent with the meaning of the group
4 depreciation procedure". Please indicate if, to the knowledge of Ms. Lee,
5 there are any additional rate regulated Canadian utilities that are following
6 this same practice. If Ms. Lee is not aware of any Canadian utilities
7 following this practice, please specifically state this assumption.

8 **RESPONSE:** Ms. Lee acknowledges that Hydro has stated in response to RFI CA-NLH-238
9 that the concept of applying group depreciation lives on an individual asset basis
10 has been accepted in Canada by some regulatory bodies. Ms. Lee has not
11 reviewed any orders of these agencies and so has not verified Hydro's claim.
12 Nonetheless, determining a life on a group depreciation basis and then applying
13 the resulting depreciation rate to each asset within the given account or group is
14 not considered generally accepted depreciation practices and procedures. Ms.
15 Lee simply wants the Board to be aware of this inconsistency when making its
16 decision.