

1 **NLH-IC-14 The fourth observation indicates that “Hydro incorrectly ceases**  
2 **depreciation on an individual asset when it becomes fully depreciated ...”**  
3 **Please indicate if, to the knowledge of Ms. Lee, there are any additional rate**  
4 **regulated Canadian utilities that are following this same practice. If Ms.**  
5 **Lee is not aware of any Canadian utility following this practice, please**  
6 **specifically state this assumption.**

7 **RESPONSE:** Ms. Lee is unaware if other rate regulated Canadian utilities follow the practice of  
8 ceasing depreciation on an individual asset when it becomes fully depreciated.  
9 Ms. Lee notes that in response to CA-NLH-238, applying a group depreciation  
10 rate on an individual asset basis, Hydro states that this concept has been  
11 accepted in Canada by three regulatory bodies. The response does not indicate  
12 whether the accounting practice of ceasing depreciation on an asset within the  
13 group when the asset becomes fully depreciated has been accepted.

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