

1   **Q.    If Mr. Pous is aware of the use of the group depreciation concept in British Columbia,**  
2       **Saskatchewan and Nunavut, and its acceptance by the regulatory bodies of these**  
3       **jurisdictions, would he consider the methodology and the rationale used to be**  
4       **similar to that employed by Hydro?**

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6    A.    See the response to PUB-CA-15. In addition, Mr. Pous would note that whether the  
7       methodology has been accepted elsewhere, possibly without adequate investigation, does  
8       not constitute a basis for adoption in the current case. For example, many issues in rate  
9       proceedings go unchallenged as they may in effect be buried in significant lower levels of  
10      detail that generally cannot be identified and investigated during the period permitted for a  
11      rate investigation. In addition, the issue of depreciation requires a level of expertise not  
12      commonly found in most jurisdictions, including regulatory bodies regulating large  
13      population areas. Moreover, when inappropriate aspects of depreciation are implemented  
14      by a utility, they are not normally done so based on a specific finding of fact directly  
15      identifying the practice, procedure, methodology, etc., or with corresponding statements  
16      that such practice, procedure, methodology, etc. are specifically approved. Most often,  
17      regulatory bodies approve depreciation rates without specifically approving the potential  
18      hundreds of different assumptions, methods, practices, etc. made within a given study.  
19      Therefore, once identified, if a specific problem exists, it must be dealt with on its own  
20      merits.