

1 **PUB-IC-4 Further to PUB-IC-3, how does Ms. Lee propose that the increase in**
2 **depreciation expense that would result from such recalculation be**
3 **recovered from customers?**

4 RESPONSE: All things remaining equal, there would not be an increase in depreciation
5 expense resulting from the recalculation Ms. Lee recommends. If the
6 recalculation of the depreciation rate is not made, the resulting depreciation
7 expenses will be lower than Hydro portrays in its depreciation study. If the
8 depreciation rates are not recalculated, then the Board should affirm that the
9 approved depreciation rates are not to be changed until the next depreciation
10 study.

11