

1 Q. **Depreciation**

2 Exhibit 11 page 48 of 628. Please describe and provide the rationale for the  
3 proposals in respect of the Holyrood Static Excitation System, given that these  
4 assets had a composite remaining life as of 2015 of only 0.4 years.

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7 A. This response was provided by Concentric Advisors.

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9 The recommended depreciation parameters (i.e., average service life, Iowa curve  
10 and net salvage) for the Holyrood accounts were based on the recommended  
11 parameters for the similar non-Holyrood accounts along with a Probable  
12 Retirement Year of March, 2021. Based on these recommended parameters, for  
13 Account S08.1, the 1968 vintage as shown on Page VI-187 of the Depreciation study  
14 is approaching end of life of the Iowa 32-R4 Interim Survivor Curve. The investment  
15 of the 1968 vintage is \$1.1M with an associated remaining life of 0.28 years. The  
16 remaining vintages of 2000 and 2001 have original costs of \$329,000 and \$16,000,  
17 respectively, and remaining lives of 5.15 and 5.17 years, respectively. The averaging  
18 calculation of composite remaining life is being heavily weighted by the large 1968  
19 original cost of \$1.1M resulting in a 1.4 year composite remaining life (not the 0.4  
20 years stated in the question).