

1 Q. **Depreciation**

2 Exhibit 11, page 115 of 628. For account C15 please indicate why a longer life was
3 not proposed (rather than a 40-R3 Iowa Curve), more consistent with the high
4 observed percentage surviving to age 47.5 (over 77 percent)

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7 A. This response has been provided by Concentric Advisors (Concentric).

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9 Concentric views the 40-R3 captures the exposures and retirements up to age 32.5

10 which accounts for approximately 80% of the age 0 exposures, and less weight

11 should be applied on data after age 32.5. Concentric also views that fitting an Iowa

12 curve to data up to age 47.5 would result in an unjustifiable lower ordered Iowa

13 curve with a longer average service life. The equipment in this account is

14 comprised of controls, metering, relays, panel protection and control systems.

15 Hydro views this equipment as being more appropriately represented by the

16 recommended Iowa 40-R3 than a lower ordered Iowa curve and longer average

17 service life.