

1 Q. **Depreciation**

2 Exhibit 11, page 19 of 628. The study notes: “A significant amount of retirements
3 have occurred relatively early at ages 0.0 to 9.5. Concentric Advisors has placed less
4 emphasis on this early retirement activity”. Please provide a full description of the
5 retirements and why Concentric Advisors elected to place less emphasis on this
6 activity. Please also confirm that, based on the figure shown at Exhibit 11, page 100
7 of 628, the same life and dispersion curve would have likely been proposed even if
8 this reduced emphasis were not applied.

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

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13 Please refer to IC-NLH-039, Attachment 1 for the listing of the retirements for
14 Account C09 (Circuit Breakers) which have occurred at ages 0.0 to 9.5.

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16 Concentric understands that approximately 50% of the above retirements between
17 the ages of 0.0 to 9.5 were due to faulty breakers which presented both operational
18 and/or environmental concerns and had to be replaced. The other 50% of the
19 retirements in this age interval were due to upgrades. Although these are
20 legitimate retirements, Concentric views that less emphasis was required to ensure
21 the most accurate life recommendations as both causes are not anticipated to be a
22 recurring trend at such an early age interval.

Table 1 Listing of Retirements for Account C09 (Circuit Breakers)

Account Number	Age	Transaction Year	Installation Year	Amount (\$)	Note
C09	9.5	1991	1985	4,622	4
C09	9.5	1995	1985	(2,212)	4
C09	9.5	1995	1985	(13,866)	4
C09	7.5	1998	1990	(124,622)	1
C09	7.5	1998	1990	(124,622)	1
C09	9.5	2000	1990	(124,622)	1
C09	6.5	1999	1992	(60,978)	3
C09	9.5	2005	1995	(64,836)	3
C09	4.5	2014	2009	(7,293)	3
C09	3.5	2014	2010	(1,363)	3
C09	3.5	2014	2010	(25,931)	3
C09	1.5	2014	2012	(51,514)	3
C09	0	2014	2014	(160,899)	2

Note 1 Faulty breakers presented both operational and/or environmental concerns and required replacement.

Note 2 Sunnyside Breaker B1L03 Overhaul was a temporary fix on a failed breaker which was disposed in 2014 as part of the Sunnyside Replacement Equipment project. As per Board Order P.U. 13 (2016), the Sunnyside Breaker B1L03 was excluded from recovery.

Note 3 Replacement due to upgrade.

Note 4 No data available.