

1 **Q. Page II-30 of the depreciation study by Gannett Fleming states that reused street**
2 **light housings are returned to inventory at current prices. Does this mean they are**
3 **recorded at their current market value or the current market value of new street**
4 **light housing and what would be the approximate inventory value of these at any**
5 **given time and are these included in rate base?**
6

7 A. The street light housings that are returned from the field in good condition are refurbished
8 and returned to inventory. The value of these refurbished units is recorded at the average
9 unit cost of street light housings in inventory at that time. This same value is also
10 recorded as salvage in the Company's plant records, and serves to reduce rate base
11 accordingly.
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13 The inventory value of street light housings (both refurbished and new units) as of
14 December 31, 2002 is \$40,190. The Company does not maintain separate records of
15 refurbished versus new units.
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17 A portion of the Company's total average annual inventory is included in rate base as an
18 allowance for materials and supplies calculated in accordance with Board orders. The
19 allowance for materials and supplies included in the calculation of forecast average rate
20 base for 2002-2004 is shown on line 25 of Exhibit BVP-9, Page 1 of 2. A summary
21 calculation of the allowance for materials and supplies, as determined in accordance with
22 Board orders, is shown on lines 14-19 of Exhibit BVP-9, Page 2 of 2.