

Official Stenographers Report
before the
**FEDERAL ENERGY
REGULATORY COMMISSION**

IN THE MATTER OF

Eastern Shore of Virginia
DC West Coast Airlines, Inc.
International Air Corporation
and Colonial Airline Company

SFP 1.P.

Eastern Shore Airlines, Inc.
Shenandoah Airlines Co., Inc.
Air West, Inc. and Continental
Airlines, Inc.

SFP 1.P.

Includes Transcript Corrections
(See 1/5/09 Order)

LOCATION: WASHINGTON, DC

PAGES: 100/100

DATE: WEDNESDAY, DECEMBER 10, 1999

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1401 Wisconsin Avenue, NW
Washington, D.C. 20005

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1 two copies for the reporter.

2 Mr. Pewterbaugh, does that reflect the one
3 correction?

4 THE WITNESS: Yes, it does -- or they do.

5 MR. SANBORN: Your Honor, would you like your
6 binders?

7 PRESIDING JUDGE: Yes, please.

8 MR. SANBORN: We hope we don't need both of
9 them.

10 PRESIDING JUDGE: Thank you.

11 You may proceed with your cross-examination,
12 Counsel.

13 CROSS-EXAMINATION

14 BY MR. SANBORN:

15 Q Good afternoon, Mr. Pewterbaugh.

16 A Good afternoon.

17 Q As I understand it, your role in this proceeding
18 is to sponsor depreciation study for SFPP's East Line and
19 West Line?

20 A Yes.

21 Q When did you conduct your depreciation analysis
22 for this proceeding?

23 A Well, in connection with the filing of this
24 testimony, so it would be ^{preceding} proceeding that point.

25 Q In 2008? Is that fair to say?

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1 A Yes.

2 Q SFPP's existing depreciation rates are set on a
3 systemwide basis?

4 A That's correct, assuming that systemwide means
5 that the North, Oregon, East and West Lines are one rate
6 for all four companies or one rate per account for each --
7 for all four companies.

8 Q So when I use the term "systemwide," we can
9 agree that would refer to a rate on a composite rate the
10 North Line, the Oregon Line, the East Line and the West
11 Line?

12 A Yes. I just have trouble with the word
13 "composite," but we can agree that systemwide refers to one
14 set of rates for those four companies, if that works.

15 Q And a systemwide rate is, in essence, an average
16 for the rates for the individual lines?

17 A Well, not necessarily. My understanding is that
18 there were not four separate studies done and they were
19 averaged but there was one study done. In other words,
20 you're averaging four sets of numbers that were exactly the
21 same rather than four sets of numbers that were different
22 to arrive at the systemwide rates.

23 Q You would agree the underlying numbers in that
24 one study and we'll get to that study in a minute, were an
25 aggregation for the amounts for the North Line, Oregon

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