

Depreciation Capitalized Language

1. Liberty agrees to adopt the depreciation capitalization method described in Paragraph 9.C.3. of Staff's Direct Report (page 74), retroactive to August 1, 2012. On the effective date of rates in this case, the Company's plant and depreciation reserve balances shall be adjusted as if such method had been in place beginning August 1, 2012 with offsetting entries to depreciation expense.