

1 Q. On page 33 of the 1998 depreciation study report, KPMG states that the
2 service lives for certain assets, such as the Holyrood generating station will
3 almost certainly be longer than estimated. Also, KMPG states that vehicles
4 appear to have longer actual service lives than estimated by Hydro. On the
5 basis of KPMG's analysis, it is recommended that the service lives of
6 passenger cars be extended from 3 to 5 years and that of snowmobiles and
7 pick-up trucks shall be set at 6 years.

8

9 Has Hydro implemented KPMG's recommendations regarding service lives
10 presented on page 33 of the 1998 depreciation study report? If not, why not?

11

12

13 A. The 2002 cost of service filing has been prepared on the basis that approval
14 from the P.U.B. will be granted to implement the recommendations regarding
15 service lives.