Q. Ref: Direct testimony of Jim Haynes, Eric Downton and Kenneth McDonald, p.2, lines 9-10. Please provide details on the quantitative and qualitative aspects of the analysis used by Hydro to determine when the operating performance or excessive maintenance of specific plant equipment may indicate that it is nearing or beyond its useful life.

A. Whenever possible, a quantitative analysis is performed to assess the

condition of equipment. A review of equipment maintenance records indicates the frequency and cost of repairs performed on the equipment in question. The performance of a piece of equipment, when compared to its original capability and level of reliability would indicate whether the equipment is deteriorating. As well, vendor support, alternative sources of support and spare parts availability are reviewed and evaluated. From this information an engineering judgment can be made to project the expected remaining life of the equipment and its future operating and maintenance costs. In some cases, especially for minor equipment, detailed maintenance records are not available and a decision to maintain or replace the equipment must be made on the basis of a subjective analysis.