

In reference to the evidence of Ludlow at page 7:

**Q. Please advise as to whether these poles, conductors, hardware, and transmission lines have been completely depreciated or, if not, when that would occur.**

A. Newfoundland Power uses average service lives of property groups to determine depreciation rates. The use of an average service life for a property group implies that the various units in the group will, in fact, have different lives.

For transmission assets, the current estimated average service lives of the relevant property groups (according to the Depreciation Study filed in the 1996 General Rate Proceeding) are as follows:

Asset	Avg. Service Life
Poles	36 yrs.
Conductors	45 yrs.
Fixtures	36 yrs.

The transmission line poles, conductors and fixtures (or hardware) proposed to be replaced are approximately 40 years old. These assets have, by inspection, been determined to have been deteriorated by harsh weather and salt contamination or to provide inadequate vertical clearance.