

1 Q. **Volume II, Exhibit 11: Depreciation Study**

2 Please explain how the amortization period of 3, 6 and 12 years respectively for
3 accounts T10, T11 and T12 were determined. In the explanation please consider
4 the entire lifecycle for the Holyrood Combustion Turbine and when Hydro
5 anticipates each type of overhaul to occur and the period over which the cost will
6 be amortized. (Volume II (1st Revision), Exhibit 11: Depreciation Study, Page 41 of
7 628)

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10 A. The overhaul schedule is based upon gas turbine starts. The amortization schedule
11 is based upon the anticipated time period to reach the applicable amount of starts.
12 Please refer to Table 1.

Table 1 Amortization period for Accounts T10, T11, and T12

Account	Account Description	Survivor Curve	Estimated Overhaul Frequency	Gas Turbine
T10	Holyrood GT - Combustor Overhaul	3-SQ	3 years	400
T11	Holyrood GT - Turbine Overhaul	6-SQ	6 years	800
T12	Holyrood GT - Compressor Overhaul	12-SQ	12 years	1,600