

1 **Re: Upgrade Power Transformers**

2 Q. Why does Hydro propose major expenditures on terminals which are still
3 performing better than the industry averages?
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6 A. Hydro is working to maximize the life of all its assets. The main objective of
7 this project is to take a strategic approach to transformer replacements to
8 maintain overall system reliability. While the performance data for Hydro's
9 transformers are better than the industry average, it should be pointed out
10 that the industry average is an aggregate of the performance data of all the
11 contributing utilities and is not a direct comparison to Hydro's performance
12 level. Hydro is recommending this project to improve its own performance
13 and reliability levels by planning and executing a strategic replacement
14 program for power transformers that will maintain and improve the overall
15 reliability and security of the system.