

Q. [Account 365.1] – As it relates to information set forth on pages 24 through 27 of Appendix B in the Company’s rebuttal as it relates to Account 365.1 – Overhead Services, please provide a detailed listing of the changes in design, installation or materials of services and why each change is not considered “significant” or why the combined impact of all changes are not considered “significant” that have occurred over the last 60 years, as referenced on page 27 of Appendix B. The response should include all documents, analyses, and information in support of the Company’s position.

A. Over the years Newfoundland Power has implemented changes with respect to the design, installation and materials associated with overhead services. These changes included the use of an insulated neutral conductor, as well as improvements to the sealants used to cover terminations and the mechanical attachment point at the customer premise. However, the Company does not have a detailed listing or specific documentation with respect to *all* such changes that have occurred over the past 60 years.

Newfoundland Power’s depreciation studies have considered the impact of these changes to overhead services as well as other factors that have impacted service life.

Table 1 summarizes the estimated service life for Account 365.1 Overhead Services in the depreciation studies completed by Gannett Fleming on behalf of Newfoundland Power for 1995, 2000, 2005 and 2010.

Table 1
Account 365.1 – Overhead Services

	1995 Study	2000 Study	2005 Study	2010 Study
Estimated Service Life	30 years	34 years	39 years	44 years
Increase in Service Life		4 years	5 years	5 years
Percentage Increase		13%	15%	13%

Over the period between the 1995 Depreciation Study and the 2010 Depreciation Study the estimated service life of overhead services has increased by 47%.¹ Changes to overhead services, including design, installation and materials, were reflected appropriately in each depreciation study.²

While changes to design, installation and materials are important considerations, other factors also impact service life. Other factors, such as changes to vegetation management

¹ 47% = (44 years – 30 years) ÷ 30 years

² All depreciation studies completed since 1977 have been filed as part of this application. See response to Request for Information CA-NP-017.

1 practices and quality inspections, have also had an impact on service life of overhead
2 services.

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4 At page 27 of Appendix B Mr. Wiedmayer states that “Based on the Company’s
5 experience, services have not experienced any *significant* changes of this sort”. This
6 statement was not intended to suggest that these changes to overhead services, including
7 design, installation and materials, were not important or that such changes have not
8 contributed to an extended service life. Rather, this statement was intended to refute the
9 31% service life extension proposed by the Consumer Advocate at this time.³ This
10 degree of change in estimated service life is not reflective of the Company’s experience.

11
12 It is the Company’s position that the 13% service life extension proposed by Gannett
13 Fleming in the 2010 Depreciation Study is reasonable and reflective of the Company’s
14 experience.

³ 31% = (51 years – 39 years) ÷ 39 years.