

1 Q. Page 35, line 22 to Page 38, line 2

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3 Please fully explain, with specific reference to Newfoundland Power, how initiation of  
4 inspection programs should result in a longer expected life for wood poles than is  
5 reflected in the Depreciation Study.

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7 A. Inspection programs are normally implemented as a proactive means of identifying  
8 problems and correcting problems on a timely basis rather than simply waiting for the  
9 investment to fail. To the extent inspection programs have resulted in identification of  
10 problems that were corrected on a timely basis, such situations would normally result in a  
11 lengthening of service life for the investment at issue. For example, if the Company utilized  
12 penta chemical treatment for certain of its poles and CCA treatment for other poles, an  
13 inspection program might determine that, depending on the location of such poles, one type  
14 of treatment may be superior to another for particular types of environment. Once this  
15 situation has been identified, only poles with the proper treatment are placed in the  
16 environment for which they are best suited. Such actions or similar types of activities would  
17 be expected to result in longer average service lives for investment over time.