Q. Consumer Question: In the CPW analysis, retirement of hydro plants is in perpetuity and for LIL is for 50 years. There's plenty of databasing to go around and GAAP and AACE standards, etc. for hydro plants. However, although I cannot provide expert opinion here, in more recent times, I believe that to be changing, e.g. increased transformer failures with finite computer design. An examination of non-recurring capital expenses amongst Canadian utilities for in-plant assets may indeed reveal an increase in non-recurring capital expense. Perhaps, an examination of projected non-recurring capital expense forecast for CFLCo and other hydro assets, e.g. BC Hydro, may reveal that. Will PUB make an undertaking of MHI and/or Nalcor to provide an analysis or opinion on life of hydro assets assumption, going forward, in its CPW?

A. MHI gave an opinion on Nalcor's hydro asset life assumptions in Section 12.11 of its Report to the Board:

> "The expected service life of an asset and its initial cost are the primary determinants of the annual depreciation expense and the annual regulatory return on the un-depreciated value of the investment. Nalcor has applied asset lives that are typical in the industry, as noted in Table 37 and 38 below, for each of the Isolated Island and Infeed Options respectively.[1]"

Nalcor interprets MHI's statement that Nalcor has applied asset lives that are typical in the industry as confirmation that Nalcor's assumed asset lives are reasonable.

[1] MHI Report, Volume 2, page 198