

1 Q. Consumer Question: Further to CA/KPL-Nalcor-249, the life of LIL is assumed for 50
2 years. There is no distinction between the ac component, the hvdc converter
3 component, the hvdc line component, the SOBI crossing, and the island integration
4 components (e.g. synchronous condensers). I believe some of these components
5 have less than 50 years life and should be databased, in comparison to existing in
6 place projects. In particular, synchronous condensers are a vital component to
7 island delivery and should be assessed further and others such as SOBI. Will PUB
8 make an undertaking of MHI and/or Nalcor to provide an analysis or opinion on life
9 of LIL components in further detail, relevant to the CPW?

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12 A. MHI gave an opinion on Nalcor's hydro transmission asset assumptions in Section
13 12.11 of its Report to the Board:

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

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

¹ MHI Report, Volume 2, page 198