

1    Q.    **Page E-2, Replace Static Excitation Systems – Upper Salmon, Holyrood and Hinds**  
2           **Lake, \$2,402,500**

3           What standard is used to determine the useful life of these systems?  
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6    A.    The standard used was the Newfoundland and Labrador Hydro Depreciation Policy  
7           Study completed by KPMG in 1998 and incorporated into Hydro's depreciation  
8           policy which was subsequently approved by the Board in Board Order No. P.U. 7  
9           (2002-2003). Specifically, Exhibit IV-1 of the report gives a service life of 25 years  
10          for static excitation systems.