Q. Re: Account D02: Please provide a detailed explanation of the dollar level of retirements at ages 3.5, 5.5, 12.5, and 15.5 years for Account D02 – Diesel Systems & Engines as set forth on page IV-54 of Exhibit 1, including but not limited to a detailed description of what retired along with corresponding dollars, the events that resulted in the need for retirement at that age, documents supporting the transaction, hours of operation by year, the speed of the diesel engines, the year installed, the model number and manufacture, etc. Further, fully justify why such event should be considered representative of future expectations for the remaining plant.

A. In preparing the response to this Request for Information, it was noted that the retirement transactions in this account related to 2005 and 2007 were inadvertently downloaded as debit values rather than credit values. As such, the retirement rate models treated these transactions as reverse retirements. The database has been corrected and the retirement rate analysis for this account has been re-run. A revised retirement analysis has been filed due to this processing error in the initial data. The revised retirement data is included in the attachment to this response. Based on a review of the revised observed life table, the average service life recommendation originally made by Gannett Fleming remains unchanged (25-S0.5).

Please refer to CA-NLH-76 Attachment 1 for a detailed listing of the assets retired at the requested ages. In general, Hydro's current asset management strategy is to overhaul engines every 20,000 hours and replace engines when they approach 100,000 hours of use. There are instances in which engines experience premature failures and have to be replaced prior to accumulating 100,000 hours or a unit has

to be replaced due to load growth. Typically when a unit is replaced for load growth, and has not reached 100,000 hours, it is transferred to another location. While information is maintained on current diesel units, Hydro does not have the details for the historical retirements listed in the attachment CA-NLH-76 Attachment 1.

Included in the listing, are three larger retirement events as follows:

1. Roddickton Diesel Units. The diesel unit in the plant was moved to another site and the original installation cost was retired. In addition, a mobile unit located at the site was damaged by fire and had to be taken out of service.
2. In 2002, there was a fire that destroyed the diesel plant in Rencontre East. A decision was subsequently made to interconnect this community to the main grid. In the interim period, a mobile generator was brought in to service the community.
3. A new community called Natuashish was built by the federal government and the residents of Davis Inlet relocated there in 2004. The Davis Inlet plant is no longer in service.

In the development of the average service life estimates, the normal retirements required to maintain a reliable system were all considered. Additionally, the three larger retirements were also considered to provide a reasonable indication of future causes of retirement. While a particular event may appear to be outside the norm, Hydro's isolated diesel system assets have been retired *en masse* over the years for reasons similar to those identified above and as a result of interconnecting communities to the main grid.

Retirements at Ages 3.5, 5.5, 12.5 and 15.5 Years for Account D02 - Diesel Systems and Engines

New Account	Old Account	Trans Type	Trns Year	Install Year	Original Cost Amount	Age	Asset Description	Description
D02	18100	Retirement	1992	1988	(334,588)	3.5	Retire Engines 553 and 558	Replace Diesel Engine 450KW
D02	18100	Retirement	2002	1998	(17,367)	3.5	Diesel Generating Equipment	Relocate Diesel Unit 2058, from Harbour Deep to Rencontre East
D02	18100	Retirement	1995	1989	(333,745)	5.5	Retire Unit 229 from Roddickton Wood Chip Plant	Purchase Diesel Gernerators - Roddickton
D02	18100	Retirement	1999	1993	(80,535)	5.5	Caterpillar 450KW Model 3412 Unit 2036	Decommissioning of Roddickton Wood Chip Plant
D02	18100	Retirement	2008	2002	(121,594)	5.5	Electric Generator 575	Nain Diesel Plant Rehabilitation
D02	18100	Retirement	2004	1998	(96,939)	5.5	Install Diesel Engine Equipment	Decommissioning of Davis Inlet Diesel Plant
D02	18100	Retirement	2004	1998	(17,367)	5.5	Diesel Engine Equipment	Replace Diesel Engine 569 - Hopedale
D02	18100	Retirement	2004	1998	(17,367)	5.5	Diesel Engine Equipment	LaPoile Interconnection
D02	18100	Retirement	2004	1998	(17,367)	5.5	Diesel Engine Equipment	Replace Units 78 and 79 - Petites
D02	18100	Retirement	2008	2002	(63,697)	5.5	Cooling System	Nain Diesel Plant Rehabilitation
D02	18100	Retirement	2003	1997	(21,836)	5.5	Diesel Generator 12KW	
D02	18100	Retirement	1993	1980	(13,225)	12.5	Retire Unit 36 - Petite Forte	Petite Forte Interconnection
D02	18100	Retirement	1994	1981	(1,110)	12.5	Retire Labour Costs on Transfers from Northern	
D02	18100	Retirement	1994	1981	(9,486)	12.5	Retire Diesel Engine - Big Brook	
D02	18100	Retirement	1994	1981	(49,640)	12.5	Retire Diesel Engine 222 - La Poile	La Poile Diesel Plant Upgrading
D02	18100	Retirement	2003	1990	(20,716)	12.5	Installation Engine and Generator	HVLN - Little Bay Islands
D02	18100	Retirement	2003	1990	(22,951)	12.5	Install Diesel Unit	Increase Generation Capacity Charlottetown
D02	18100	Retirement	1993	1980	(1,576)	12.5	Retire Costs Related to Unit 500 -Ramea	HVLN - Ramea
D02	18100	Retirement	1993	1980	(41,760)	12.5	Retire Diesel Engines - Pond Cove	
D02	18100	Retirement	1994	1981	(19,207)	12.5	Retire Labour Costs on Transfers from Labrador	
D02	18100	Retirement	2003	1990	(23,140)	12.5	Generator Installation	Increase Generation Capacity Charlottetown
D02	18100	Retirement	2003	1990	(23,140)	12.5	Diesel Installed at New Plant	Increase Generation Capacity Charlottetown
D02	18100	Retirement	2003	1990	(23,140)	12.5	Install Diesel at New Plant	Increase Generation Capacity Charlottetown
D02	18100	Retirement	1993	1980	(6,470)	12.5	Retire Installation Costs from Unit 249	
D02	18100	Retirement	1994	1981	(13,235)	12.5	Retire Labour Costs on Transfers from Labrador	
D02	18100	Retirement	2003	1990	(15,575)	12.5	Install Generator 272 at Powerhouse	Decommissioning of Davis Inlet Diesel Plant
D02	18100	Retirement	2003	1990	(15,575)	12.5	Install Generator 281 at Powerhouse	Decommissioning of Davis Inlet Diesel Plant
D02	18100	Retirement	1994	1981	(9,502)	12.5	Retire Labour Costs on Transfers from Northern	
D02	18100	Retirement	1994	1981	(22,714)	12.5	Retire Labour Costs on Transfers from Labrador	
D02	18100	Retirement	1993	1980	(466,120)	12.5	Retire Diesel Assets - Mary's Harbour	Mary's Harbour Powerhouse
D02	18100	Retirement	1994	1981	(10,912)	12.5	Retire Installation Costs for Unit 222	
D02	18100	Retirement	1994	1981	(46,372)	12.5	Retire Diesel Assets from Northern	
D02	18100	Retirement	1994	1981	(33,997)	12.5	Retire Diesel Engine 275 from Makkovik	
D02	18100	Retirement	1994	1981	(83,755)	12.5	Retire Diesel Assets from Northern	
D02	18100	Retirement	1993	1980	(103,181)	12.5	Retire Unit 500 - Ramea	HVLN - Ramea
D02	18100	Retirement	2003	1990	(2,584)	12.5	Generator	Purchase Generation Set 250KW -Hopedale
D02	18100	Retirement	1993	1980	(34,573)	12.5	Retire Diesel Assets - Petite Forte	
D02	18100	Retirement	1993	1980	(121,933)	12.5	Retire Diesel Assets - Nain	
D02	18100	Retirement	1993	1980	(586,564)	12.5	Retire Diesel Engines - Pond Cove	
D02	18100	Retirement	1994	1981	(226,911)	12.5	Retire Diesel Assets from Central	
D02	18100	Retirement	2003	1990	(7,219)	12.5	Generator 260 75KW	Replace Generation Set 75KW -Williams Harbour
D02	18100	Retirement	1994	1981	(13,774)	12.5	Retire Labour Costs on Transfers from Central	

Retirements at Ages 3.5, 5.5, 12.5 and 15.5 Years for Account D02 - Diesel Systems and Engines

New Account	Old Account	Trans Type	Trns Year	Install Year	Original Cost Amount	Age	Asset Description	Description
D02	18100	Retirement	1994	1981	(24,895)	12.5	Retire Labour Costs on Transfers from Central	
D02	18100	Retirement	1994	1981	(8,014)	12.5	Retire Labour Costs on Transfers from Northern	
D02	18100	Retirement	2003	1990	(13,120)	12.5	Install Diesel Engine 272 at Powerhouse	
D02	18100	Retirement	2003	1990	(13,120)	12.5	Diesel Engine 2014	Replace Unit 2014 with Unit 2027 - Davis Inlet
D02	18100	Retirement	2007	1991	(69,807)	15.5	Engine	Transfer and Overhaul Unit 2058, from Rencontre East to Little Bay Islands
D02	18100	Retirement	2007	1991	(34,904)	15.5	Unit Switchgear, Protection and Controls	Transfer and Overhaul Unit 2058, from Rencontre East to Little Bay Islands
D02	18100	Retirement	2005	1989	(51,829)	15.5	Remote Control for Diesels	
D02	18100	Retirement	2007	1991	(34,904)	15.5	Generator	Transfer and Overhaul Unit 2058, from Rencontre East to Little Bay Islands
D02	18100	Retirement	1991	1975	(15,675)	15.5	Retire Diesel Engine 308	
D02	18100	Retirement	1991	1975	(18,082)	15.5	Reitre Generation Set 27 - La Poile	
D02	18100	Retirement	1991	1975	(19,355)	15.5	Retire Generator 514 - Ramea	Disel Plant Extension - Ramea
D02	18100	Retirement	1997	1981	(2,099)	15.5	Retire Generator 269 - Postville	Postville HVLN Modifications
D02	18100	Retirement	1997	1981	(9,332)	15.5	Retire Engine 269 - Postvile	Postville HVLN Modifications
D02	18100	Retirement	1997	1981	(19,355)	15.5	Retire Generator 524 - Ramea	Diesel Plant Retrofit - Ramea
D02	18100	Retirement	1997	1981	(24,375)	15.5	Retire Generator 212 - Recontre East	Replace Obsolete Unit 212 - Recontre East
D02	18100	Retirement	1997	1981	(73,164)	15.5	Retire Engine 524 - Ramea	Diesel Plant Retrofit - Ramea
D02	18100	Retirement	1997	1981	(73,164)	15.5	Retire Engine 524 - Ramea	Diesel Plant Retrofit - Ramea
D02	18100	Retirement	2000	1984	(5,794)	15.5	Generator 272	
D02	18100	Retirement	2002	1986	(15,430)	15.5	Generator 250KW	Relocate Diesel Unit 2058, Harbour Deep to Rencontre East
D02	18100	Retirement	2003	1987	(7,571)	15.5	Generator 222 260KW	
D02	18100	Retirement	1992	1976	(1,576)	15.5	Retire Additional Costs on Unit 502 - Burgeo	
D02	18100	Retirement	2004	1988	(72,808)	15.5	Diesel Engine 559 136KW Rols Royce	Decommissioning of Davis Inlet Diesel Plant
D02	18100	Retirement	1997	1981	(39,524)	15.5	Retire Engine 230 - Nain	Install Engine Nain
D02	18100	Retirement	1991	1975	(11,574)	15.5	Retire Generator 250KW	Generation Expansion/Increase Generation - Mary's Harbour
D02	18100	Retirement	2002	1986	(52,876)	15.5	Diesel Engine 2017 250KW	Recontre East was interconnected to the Island grid
D02	18100	Retirement	2004	1988	(14,138)	15.5	Generator 559 136KW Rolls Royce	Decommissioning of Davis Inlet Diesel Plant
D02	18100	Retirement	1991	1975	(38,271)	15.5	Retire Engine and S/G 244	
D02	18100	Retirement	2003	1987	(9,172)	15.5	Materials and Labour to Install Generator Unit 34	
D02	18100	Retirement	2003	1987	(9,172)	15.5	Material and Labour to Install Unit 34	
D02	18100	Retirement	1997	1981	(7,442)	15.5	Retire Generator 274 - Happy Valley	
D02	18100	Retirement	1997	1981	(15,462)	15.5	Retire Generator 230 - Nain	Install Engine Nain
D02	18100	Retirement	1997	1981	(17,860)	15.5	Retire Engine 274 - Williams Harbour	
D02	18100	Retirement	1997	1981	(52,835)	15.5	Retire Generator 527 - Ramea	Diesel Plant Retrofit - Ramea
D02	18100	Retirement	1997	1981	(863,707)	15.5	Retire Diesel Engines - Ramea	Diesel Plant Retrofit - Ramea
D02	18100	Retirement	1997	1981	(135,950)	15.5	Retire Engine 527 - Ramea	Diesel Plant Retrofit - Ramea
D02	18100	Retirement	1991	1975	(25,695)	15.5	Retie 100KW Deutz - Davis Inlet	Decommissioning of Davis Inlet Diesel Plant
D02	18100	Retirement	1991	1975	(265,136)	15.5	Retire Diesel Assets - Hopedale	Provide Power for Hopedale Labrador
D02	18100	Retirement	1997	1981	(337,344)	15.5	Retire Generation Set 2030 - Makkovik	