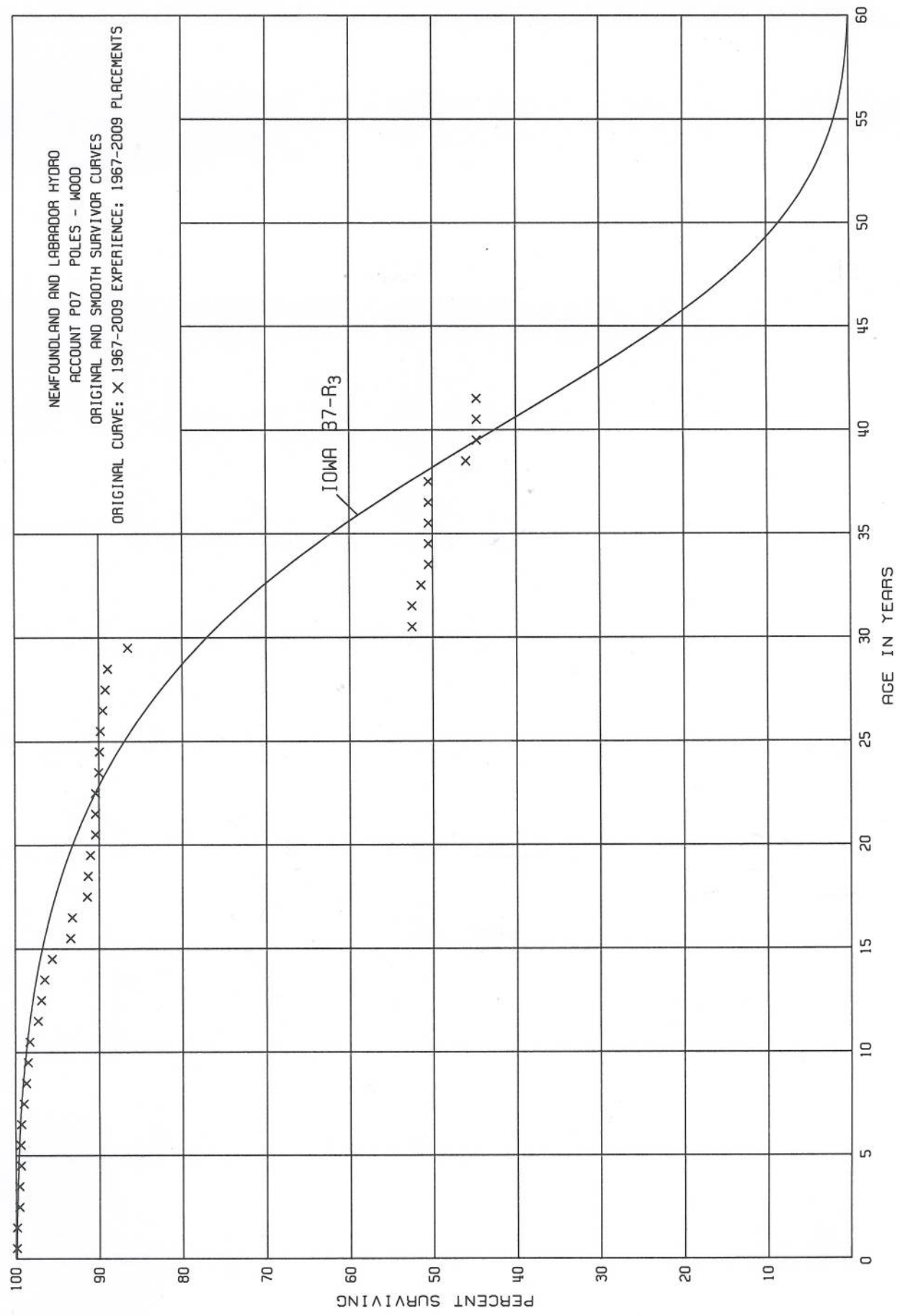
Q. Re: Account P07: Please fully explain and justify the selection of a 40R3 life-curve combination for Account P07 – Pole - Wood. The response should specifically address the curve fit set forth on page IV-146 of Exhibit 1 and why any meaningful consideration was given, if any, to the values beginning at age 28.5 years of age. The response should also present the specific steps and corresponding information and documents relied on to arrive at the proposed life-curve combination.

A. In the completion of the response to this Request for Information, Gannett Fleming has noted that an incorrect Iowa curve was provided in the Gannett Fleming report. A corrected graph of the fit of the Iowa 37-R3 is provided as CA-NLH-106 Attachment 1 to this response.

This account has a significant level of retirement activity which provides for a meaningful retirement rate analysis. In the fitting of the selected Iowa curve, particular emphasis was placed on the retirement ratios from ages 9.5 through 16.5 years. As indicated in response to CA-NLH-107, the instances of the larger retirement ratios were caused by retirement activity that is expected to occur in future years. However, the reduced retirement ratios from ages 17.5 through 28.5 years were also noted and specifically considered. Lastly, although not totally ignored, the retirement ratios after age 28.5 years received little weighting as the plant exposed to retirement fell below 1% of the plant exposed to retirement at age 0.0 resulting in the retirement ratios after age 28.5 being statistically less relevant. Based on this analysis, the 37-R3 and 40-R3 Iowa curves were considered for further review.

As indicated in the attachment to CA-NLH-12, the operations group felt that a short life extension to the previously proposed 35 year life would be appropriate, and also indicated that their upcoming programs for pole replacement will result in changed life characteristics. A review of the peer analysis indicated that wood poles have a range of life estimates from 25 years to 50 years. Based on the comments by operating groups regarding a short life extension and on the fit of the 37-R3 Iowa curve to the relevant portions of the observed life table, Gannett Fleming has recommended the 37-R3 Iowa curve for this account.


NEWFOUNDLAND AND LABRADOR HYDRO
ACCOUNT P07 POLES - WOOD
ORIGINAL AND SMOOTH SURVIVOR CURVES
ORIGINAL CURVE: X 1967-2009 EXPERIENCE: 1967-2009 PLACEMENTS
IOWA 37-R3
PERCENT SURVIVING
AGE IN YEARS
100
90
80
70
60
50
40
30
20
10
0
5
10
15
20
25
30
35
40
45
50
55
60