

1 Q. [Account P03 - Penstock] - Regarding the statement made in CA-NLH-96 that the
2 peer Canadian utility range for average service lives is between 60-100 years and
3 only one peer uses a life greater than 75 years, please identify how many separate
4 utilities are reflected in this range. Further, state whether the majority of separate
5 companies reflected in the Canadian utilities peer group reflect average service lives
6 greater than the 70-year level proposed by Gannett Fleming in this case. Finally,
7 provide the name of the facilities, the corresponding utility, and the jurisdiction
8 relating to depreciation parameters for penstocks that Gannett Fleming has
9 reflected in any of its depreciation studies (not limited to Canada) during the past
10 10 years that exceed the 70-year average service life proposed in this proceeding,
11 along with all basis and corresponding documentation as to why those longer
12 average service lives are not indicative of the penstocks at issue for Hydro in this
13 proceeding.

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16 A. The Canadian peer group included 4 utilities listed in Schedule 2 of the Gannett
17 Fleming report under the categories of:

- 18 • Reservoirs, Dams and Waterways using average service life estimates of 70,
19 75 and 100 years; and
- 20 • Canals, Penstocks, Surge Tanks, and Tailraces which include average service
21 life estimates of 60 years.

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23 Please refer to CA-NLH-156 Attachments 1 and 2. Attachment 1 is a summary of
24 average service life parameters for U.S. based electric utilities where depreciation
25 studies were conducted by Gannett Fleming, sorted by FERC account. Attachment
26 2 provides a summary of average service life parameters by account structure for
27 Canadian based electric utilities. In providing these attachments, Gannett Fleming is

1 identifying the companies for which the statistics were developed. However, as not
2 all of the studies are in the public domain, Gannett Fleming cannot identify the
3 specific companies for which the specific statistics apply. As such, the companies
4 for which the studies have been performed are listed separately from the actual
5 identification of service life estimates. Other than for the utilities as listed in
6 Schedule 2 of the Gannett Fleming report, Mr. Kennedy did not have any additional
7 information regarding the utilities at the time the Hydro study was completed.
8 Furthermore, Mr. Kennedy does not have any additional information regarding the
9 utilities listed in CA-NLH-156 Attachment 1. The depreciation studies completed on
10 behalf of the U.S. based utilities were completed in the firm's three American based
11 offices by other Gannett Fleming analysts.