

1 Q. [Account P10 - Powerhouse] - Regarding the statements on page 2 of CA-NLH-109
2 that Canadian utilities have average service lives ranging from 65-100 years with
3 most in the 65-75 year range and only one with a value greater than 75 years,
4 please identify the specific separate utilities and the corresponding values
5 referenced. Further, provide the equivalent values greater than 75 years contained
6 in any Gannett Fleming depreciation (not limited to Canada) study during the past
7 10 years, specifically identifying the facility, the utility, and the corresponding
8 jurisdiction along with the utilized average service life for such facility. Finally,
9 specifically state why longer average service lives that have been proposed by
10 Gannett Fleming in other jurisdictions do not provide information indicative of a
11 longer life expectancy than the 75 years proposed by Hydro. To the extent any
12 portion of the response attempts to distinguish between Canadian and United
13 States utilities, provide all support, justification, and corresponding documentation
14 for such position.

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

- 19 • Structures and Improvements using average service life estimates of 65 and
20 75 years; and
- 21 • Reservoirs, Dams and Waterways using average service estimates of 70, 75
22 and 100 years.

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

1 were developed. However, as not all of the studies are in the public domain,
2 Gannett Fleming cannot identify the specific companies for which the specific
3 statistics apply. As such, the companies for which the studies have been performed
4 are listed separately from the actual identification of service life estimates. Other
5 than for the utilities as listed in Schedule 2 of the Gannett Fleming report, Mr.
6 Kennedy did not have any additional information regarding the utilities at the time
7 the Hydro study was completed. Furthermore, Mr. Kennedy does not have any
8 additional information regarding the utilities listed in CA-NLH-156 Attachment 1.
9 The depreciation studies completed on behalf of the U.S. based utilities were
10 completed in the firm's three American based offices by other Gannett Fleming
11 analysts.
12 Gannett Fleming notes that the average service life recommendations need to
13 consider the specific circumstances of each and every utility. Therefore the
14 recommendations made with a long life indication for one utility may not be any
15 more important than a short life recommendation made on behalf of a differing
16 utility. As such, without the full and complete understanding of the facts and
17 circumstances of the recommendation involving a longer life estimate, it is not
18 possible to determine the applicability of the life estimate in this case. As noted
19 above, Mr. Kennedy did not consider the recommendations made in US
20 jurisdictions during his deliberations in forming the life estimates for this account.