

1 Q. [Account G03 - Generators] - In CA-NLH-86, the Company states that "it was
2 determined that the winding should have a 40-year service life as compared to the
3 60-year life as determined for the new G03 - Generators account." Please provide
4 all support, justification and corresponding underlying documentation associated
5 with the determination of both the 40- and 60-year average service lives. To the
6 extent longer average service lives of 10 years for each category (windings and
7 generators) could not also reasonably be determined based on available
8 information, provide all basis for such position.

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11 A. As indicated in response to CA-NLH-86, the operations staff were of the opinion
12 that the windings would have had a life shortening impact on the generation
13 equipment in previous studies. However, the comments were not based on any
14 specific documentation, other than the experience of the Hydro operations staff,
15 and the broader experience of Mr. Kennedy in the review of segmentation
16 requirements related to the implementation of IFRS. Mr. Kennedy notes that this
17 issue has been discussed as part of the IFRS implementation among utilities across
18 Canada, and that a specific library of history has not yet been developed. Mr.
19 Kennedy also notes that the life estimate for Account G03 – Generators has been
20 increased by the same amount as Account G04 – Generator Windings has been
21 decreased, notwithstanding that the investment in Account G03 is approximately 10
22 times greater than the investment in windings. As such, on a weighted basis, the
23 generator life estimate has been extended by much greater magnitude (10 times)
24 than the life of windings has been reduced. Therefore, an increase in the life
25 estimate for Account G03 of greater than 10 years is not reasonable at this time.