

- 1 Q. [Account R12 - Right of Ways] - Regarding the statement in CA-NLH-116 that
2 Gannett Fleming has recommended a 36- to 75-year average service life range for
3 peer companies as a basis for its proposal for a 55-year life for the investment in
4 Account R12 - Right of Ways for Hydro, please provide the following information:
- 5 a. Whether the land and land rights under both Transmission and Distribution
6 headings on page III-6 of the 2009 Gannett Fleming depreciation study
7 reflect the peer group values and if not, specifically what line items in the
8 peer group data would represent the industry range;
- 9 b. The supporting documentation and narrative explanation why the 36-year
10 average service life for Fortis Alberta is a reasonable proxy peer group value
11 given the other peer group values reported by Gannett Fleming;
- 12 c. What average service life value is utilized most by peer group companies;
- 13 d. What are the resulting mean, median and mode values for the peer group
14 companies, along with the actual calculation identifying the values used in
15 the corresponding utilities.
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- 18 A. a. The Land and Land Right categories listing in the Hydro Production, the
19 Transmission and Distribution peer group were all considered.
- 20 b. FortisAlberta owns and operates a distribution electric utility with a number
21 of service areas throughout the province of Alberta, primarily within rural
22 areas. Many of the issues faced by Hydro are attributed to the rural nature
23 of the distribution assets within its system and are common with the rural
24 nature of the distribution service provided by FortisAlberta.
- 25 c. As indicated in Schedule 2, the most common life estimate is 75 years.
- 26 d. The peer group values are as follows:
27 Mean average = 67.8 years;

1 Mode average = 75 years; and

2 Medium average = 65 years

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4 The actual calculation and information considered in the determination of
5 the average service life estimates of each of the peer utilities are included in
6 the depreciation studies of each of the peer utilities. The values have been
7 clearly identified in Schedule 2 of the Gannett Fleming report.