

1 Q. [Account S03 - Servers] - In CA-NLH-123, Hydro states that plant balances that
 2 exceed 5 years should have been retired but for which retirement work orders have
 3 not been issued for investment in Account S03 - Servers as reflected on page V-96
 4 of the 2009 Gannett Fleming report. Please reconcile such statement with
 5 Attachment 1 to CA-NLH-123 that indicates that the Company retired many assets
 6 in 2011 with ages exceeding 5 years of service.

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 9 A. Even though there are plant balances that exceed five years and should have been
 10 retired, there are servers that have a life of greater than five years. The table below
 11 classifies servers into different levels. Depending on what level a server is classified
 12 determines its maximum age or when the server is to be retired. Therefore, many
 13 of the servers that were retired in 2011 found in CA-NLH-123 Attachment 1 would
 14 have exceeded five years of service due to its classification. The majority of assets in
 15 Account S03-Servers would have a classification of Level II.

Classification	Criteria	Maximum Age
Level 0	Critically important to business operations; hardware is known to have a longer general life expectancy; This classification requires additional measures for redundant components, application fault tolerance architectures, and signoff by system owners to extend the standard lifecycle timeframes accepting all associated risks in doing so.	8+ years
Level I	Critically important to business operations; access required on daily basis; outage/failure will have immediate negative impact on business and requires expedited problem resolution within 1 day or less.	5 years
Level II	Standard operating importance; used/accessed daily to weekly; outage would have less impact to business and requires immediate attention/resolution within 1 – 3 days.	6 years
Level III	Non-critical to business operations; accessed occasionally or performs automated procedures on a scheduled basis; outage would not impact business significantly unless not recovered after 3 days or more.	7 years