

1 Q. [Account TO9 - Turbines] - Please fully explain and justify why a life span method of  
2 depreciation was not utilized for the investment in Account TO9 - 22 Turbines.

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5 A. With the exception of certain investment at the Holyrood generation facility, a life  
6 span method of depreciation was not used in this study. The use of life spans in the  
7 development of depreciation rates is appropriate in circumstances where it is felt  
8 that due to non-physical forces of retirement, an entire operating facility or large  
9 segment of an operating facility can be expected to retire in mass. The use of a life  
10 span approach would be applicable for the Turbines account, if it was felt that an  
11 entire generation facility would be retired in the certain economic circumstances, or  
12 if the failure of one large piece of equipment would cause the cessation of  
13 operations of the entire plant. However, in the current circumstances of the Hydro  
14 operations, the above circumstances are not anticipated. Furthermore, the  
15 company has applied for the use of group accounting, in which the turbine account  
16 is depreciated on a group basis, with individual remaining life estimates not being  
17 determined for each operating plant.