

1 Q. [P03-Penstocks] - In response to CA-NLH-163, reference is made to other factors
2 such of peer group and views of internal staff regarding the average service life
3 estimate for Account P03-Penstocks. Please fully explain and justify the penstocks
4 life for Hydro. Further, identify what percentage of the investment in the Hydro
5 category identified as Canals, Penstocks, Surge Tanks and Trail Races is actually
6 reflected in penstocks for the other peer groups. Further, provide all support and
7 justification for the views of internal operating staff that would find a 70R4 life-
8 curve is acceptable, but not a 90R4 or 100R4 life-curve combination for penstock
9 investment.

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12 A. Please refer to the responses to CA-NLH-96 and CA-NLH-163 where the reasons for
13 the selection of the average service life for Account P03 was fully explained.

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15 Gannett Fleming does not have the information with regard to the percentage of
16 investments from each of the peer companies that would comprise the Penstock
17 only portion of the peer group identified as Canals, Penstocks, Surge Tanks and Tail
18 Races. Gannett Fleming notes that a Canadian wide uniform system of accounts
19 does not exist, and therefore the composite of investment in any account varies
20 from company to company.

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22 The operations staff were involved in the average service life selection process in
23 two ways:

- 24 • Operations interviews were conducted prior to the development of the
25 preliminary life estimates. The notes from these interviews have been
26 included in response to CA-NLH-12; and

- After the development of the preliminary life estimates, the estimates were distributed to the operations staff to confirm the reasonableness of the estimates. Any changes that resulted from this review of the life estimates were summarized in the response to CA-NLH-96 and CA-NLH-163.

The operations staff did not provide any other direct material or opinion other than that provided in response to previous requests for information and were not specifically requested to review alternative average service life scenarios. However, as noted in response to CA-NLH-163, Gannett Fleming views that the probability of the average service life extending beyond 70 years is no more probable than the life actually being less than 70 years on average.