Q. [P10-Powerhoues] Please fully explain and justify why powerhouses in Account P10 are expected to have average service lives 25 years shorter than the investment in Account D01-Dams, including any claim that powerhouse not integrated in with the dam structure are different than those integrated into the structure. Provide all workpapers, assumptions, considerations and material reviewed and relied on in sufficient detail to permit verification of the response.

A. The physical configuration of most of the Hydro powerhouses is that they are physically separate structures and are not integrated into the dam structure. It is the experience of Mr. Kennedy that in these circumstances, the powerhouses are subjected to increased amounts of renovations to accommodate changes in the generator units or subsidiary equipment. Additionally, the physical relocation of the powerhouse is more feasible in the circumstances where the powerhouse is not integrated into the actual dam structure.

The dams are constructed and maintained in a manner that they are expected to have a very long life. Also, replacing or rebuilding a dam can often be cost prohibitive and present significant environmental challenges. In contrast, the re-location or renovation of a powerhouse can often result from increases in required capacity, changes in technology or due to structural issues caused by age and condition. Mr. Kennedy notes, that while limited, the powerhouse account P-10 has witnessed some retirement activity over the period from 1991 to 2009. In contrast the account D01 – Dams, Dykes, Canals and Tunnels has experienced no retirement actively over this same period.