

1 Q. [R13-Roads] - Please fully explain and justify why a 50-year ASL is appropriate for
2 Account R13 – Roads, specifically recognizing that \$61 million out of the \$81 million
3 of investment is associated with roads to CAT Arm facility. Further explain and
4 justify the proposed ASL in light of peer group information for Gannett Fleming, not
5 just limited to Canada. To the extent IFRS considerations form a portion of the basis
6 for the proposed life, demonstrate why future capital upgrades would have the
7 level of impact necessary to result in a 50-year ASL, but not a longer ASL.

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10 A. Please see the response to CA-NLH-271. As noted in this question, the roads
11 associated with the CAT Arm facility constitute a large percentage of the investment
12 in this account. Mr. Kennedy did not consider the peer experience of the American
13 based utilities, given the significantly differing environmental conditions to which
14 the Hydro roads are subjected. However, Mr. Kennedy did consider some of the
15 Canadian experience to be relevant as noted in response to CA-NLH-118.

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17 Additionally as noted in response to CA-NLH-118, IFRS will require that upon repair
18 made to the road, a portion of the original investment will need to be retired, which
19 will result in increased interim retirements in the future. Given the increased level
20 of interim activity, combined with the average service life indications of Canadian
21 peers as short as 50 years, and the indications of issues associated with the road
22 leading to the CAT Arm facility, a 50 year life is reasonable.