

1 Q. Please refer to the response to CA-NLH-173. Attachment 1 itemizes the non-
2 synchronous condenser Holyrood assets. On page 2 of 2, to what does the 2006
3 depreciation expense relate? Asset number 9904121, Bypass Structure, shows
4 negative investment and reserve. Explain what caused this negative investment
5 and reserve. It appears that assets 99000093 and 99000108 are not fully
6 recovered. Explain how Hydro will ensure that all non-synchronous assets will be
7 recovered by the date of retirement, 2020. On Attachment 2, asset number 60318
8 shows a service life of 1044 months or 87 years. Explain how zero depreciation
9 expense has been calculated.

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12 A. The 2006 depreciation expense relates to the year-to-date depreciation expense on
13 all the other assets within the specified account (Unit of Property) that are not
14 listed in the continuity schedule. These are assets that did not change throughout
15 the year and were depreciating through their normal assigned life. This year-to-
16 date depreciation expense also includes depreciation expense on assets that are
17 listed, where the accumulated depreciation amount is not displayed.

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19 The negative investment in asset number 99041930 was caused by an asset split.
20 Asset record number 99041930 had an original cost of \$2,261,767.53. In December
21 2006, \$200,000 was split to asset record number 306441 (Stop Logs) and \$100,000
22 was split to asset record number 306442 (Fire Protection System). This split
23 reduced the overall cost of the original asset by \$300,000. The new asset records
24 had a Unit of Property of W01 and F03 respectively therefore the new split assets
25 are not part of P10.

1 All Holyrood asset records relating to the synchronous condenser have an identifier
2 on the asset record indicating that they are synchronous condenser assets. By
3 default, all other Holyrood asset records that do not have the identifier on the asset
4 record are non-synchronous condenser assets. The lives of these assets have been
5 modified to ensure that the asset will be fully depreciated by the year 2020. These
6 assets will be exempt from any adjustments to service lives as a result of the
7 depreciation study.

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9 Asset number 60318 is a sinking fund asset. The depreciation expense for 2009 was
10 48 cents and the accumulated depreciation is \$4.05. Also see the response to CA-
11 NLH-251 for an explanation on how sinking fund depreciation is calculated.