

1 Q. To what extent has the decision by the original equipment manufacturer to
2 stop manufacturing certain components influenced Hydro's decision to
3 complete condition assessments of the Hardwoods and Stephenville gas
4 turbines at this time?

5

6

7 A. The decision by the equipment manufacturer to stop manufacturing certain
8 components is a contributing factor in our decision to perform an assessment
9 of the two gas turbine plants. The present age of the two facilities is five to
10 ten years older than the generally accepted useful life for a gas turbine plant
11 (twenty-five to thirty years) and the condition of the equipment is such that
12 overhauls of at least two of the gas generators would be required within the
13 next five years. Such overhauls can be expected to cost in excess of \$1
14 million each. The general condition of the plants and the increase in the
15 number of problems indicate that it would be prudent to thoroughly assess
16 the overall situation to determine if we should proceed with gas generator
17 overhauls and other potentially expensive corrective actions. The decision by
18 the manufacturer to suspend spare parts stocking reinforces the need for
19 such a study.