

1 **Q. Reference: Program 1: Wood Pole Line Management (2027), page 3**

2 In Hydro's General Rate Application, Hydro's Depreciation Consultant, Concentrics Advisors ULC,
3 ("Concentrics") determined that the historic life of 43 years for wood poles appeared too short
4 and recommended that 50 years is more suitable for future expectations resulting in a life
5 extension for Hydro's wood poles of 7 years from 43 to 50 years.

6 Explain the difference in life extension potential for wood poles between Hydro and its
7 consultant.

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10 **A. Newfoundland and Labrador Hydro ("Hydro") notes that the life estimates developed by**
11 Concentric Advisors, Inc. ("Concentric") and those identified through Hydro's Wood Pole Line
12 Management ("WPLM") Program are developed for different purposes and apply to different
13 wood pole populations.

14 Concentric's recommended average service life of 50 years relates to Account P07 – Poles –
15 Wood, which consists primarily of Hydro's distribution wood poles operating at 25 kV and
16 below.

17 In its 2024 Depreciation Study and Technical Update, Concentric reviewed Hydro's historical
18 retirement experience, additions and other plant transactions, peer utility information, and
19 input from Hydro personnel. Concentric concluded that the previously approved 43-year life
20 appeared too short, in part due to certain acquired facilities being recorded using acquisition-
21 date vintages, which caused subsequent retirements to appear younger than the assets actually
22 were. Concentric therefore recommended a 50-year average service life as a more appropriate
23 representation of future expectations.

24 Hydro's WPLM Program, by comparison, applies to wood pole transmission structures, which
25 are accounted for separately from the P07 distribution pole account. The WPLM Program is a
26 condition-based asset management program that uses detailed inspection and condition
27 information to identify deterioration and complete preservative treatment, refurbishment or

1 replacement as required. Hydro's experience under the program has demonstrated that
2 proactive inspection and intervention can materially extend the useful life of transmission wood
3 pole structures, with more recent survival analysis indicating an expected mean life of
4 approximately 67 years for certain transmission pole populations.

5 Accordingly, the difference does not represent a disagreement between Hydro and Concentric
6 regarding wood pole life-extension potential. Rather, the estimates relate to different asset
7 populations and are developed using different methodologies. Concentric's 50-year
8 recommendation is a depreciation life for Hydro's distribution wood poles based largely on
9 historical retirement experience, supplemented by peer data and professional judgment,
10 whereas Hydro's higher WPLM life expectations reflect detailed, condition-based experience
11 with transmission poles managed under that program. As additional inspection cycles and
12 operating experience are accumulated, Hydro will continue to reassess appropriate service-life
13 expectations through future depreciation and asset management studies.