IN THE MATTER OF the *Electrical Power Control Act*, RSNL, 1994, Chapter E-5.1 (the EPCA) and the *Public Utilities Act*, RSNL 1990, Chapter P-47 (the Act) as amended, and their subordinate regulations; and

IN THE MATTER OF an Application by Newfoundland and Labrador Hydro, pursuant to section 68 of the Act, for the approval of changes in depreciation methodology and asset service lives.

Requests for Information by The Consumer Advocate

CA-NLH-151 to CA-NLH-236

May 23, 2012

CA-NLH-151 [Account D01 – Dams & Dikes] – Page III-4 of the Gannett Fleming 2009 depreciation study identifies a plant value of $351 million for Account D01 – Dams & Dikes and a corresponding $1,781,039 of booked depreciation reserve. The corresponding values set forth in the 2005 Gannett Fleming depreciation study identify a gross plant of $172 million and $42,062,741 of reserve. In addition, the Gannett Fleming 2005 Depreciation Study identifies Canals with a gross plant level of $115 million and a corresponding $26,139,102 of reserve, and Tunnels with a gross plant of $31 million and a corresponding $6,284,634 of reserves both of which appear to have been added in to the category of Dams & Dikes in the 2009 study. At this time, please provide a continuity schedule from the 2005 gross plant and reserve levels by account that are currently reflected in Account D01 – Dams & Dikes such that monthly transactions are identified by type of transaction (e.g. additions, retirements, cost of removal, gross salvage, transfers, adjustments, etc.). The information should be provided on electronic medium in Excel readable format.

CA-NLH-152 [Account D01 – Dams & Dikes] – Please fully explain and justify why the $1,781,039 reserve level for Account D01 – Dams & Dikes as set forth on page III-4 of the 2009 Gannett Fleming depreciation study represents an appropriate and realistic value. The response should clearly demonstrate and justify why such a limited value is appropriate, especially given Gannett Fleming's presentation on page IV-53 of its 2009 depreciation study that no retirement activity has been reported for the account and the prior reserve levels in Gannett Fleming's 2005 depreciation study. To the extent reserve values have been reduced due to retirements, transfers, or other transactions, specifically identify such transactions on an annual basis, clearly identifying where such values were transferred or adjusted to, and full justification supporting the adjustments. Finally, provide all historical transactions beginning with the values in the 2005 depreciation study that result in the current presentation of only $1,781,039 of reserve. The response should also identify the applicable depreciation rate applied to the specific gross plant balances by month during the period subsequent to the depreciation test year values presented in the 2005 Gannett Fleming study. The response should also provide all necessary underlying documentation to support the actions taken by the Company to arrive at the $1.8 million value.

CA-NLH-153 [Account D01 – Dams & Dikes] – Please reconcile the statement on page 2 of 5 Attachment 1 to the response to CA-NLH-12 under the heading of Hydro Dams where it is stated that historically, most repairs have not resulted in any significant retirement activity with page IV-5 of the 2009 Gannett Fleming study which shows no retirement activity during any age period corresponding with an experience band of 1967-2009.

CA-NLH-154 [Account D01 – Dams & Dikes] – Please provide all specific support and justification, including all underlying documents corresponding to the statement made in response to CA-NLH-12 Attachment 1 page 4 of 5 under the topic Following Up from April 15 Discussion for Account 179 – Dams, Dikes, Canals, and Tunnels that a recommended 100 average service life is appropriate. Further, explain, support and justify the reference that the 100-year

recommended life is appropriate, "especially considering that 100 years is an average age, not a maximum life expectation." The response to this portion of the question should clearly identify the maximum life and how this corresponds or relates to other service lives and maximum lives used for dams and dikes elsewhere in the industry. Finally, provide all meaningful or significant information and supporting documentation for any position taken.

CA-NLH-155 [Account D01 – Dams & Dikes] – Please provide a detailed narrative description of the type, size, and other meaningful characteristics of each of the Company's dams and dikes, along with the corresponding dollar value associated with each as well as the comparable information for each of the peer companies referenced by Gannett Fleming on page III-6 of its 2009 depreciation study. Further, identify the maximum life associated with the peer group presented by Gannett Fleming in its 2009 depreciation study for dams and dikes.

CA-NLH-156 [Account D01 – Dams & Dikes] – Please provide a full and complete listing of life characteristics, both average service life and dispersion pattern, associated with hydro electric facilities reflected in Gannett Fleming depreciation studies during the past 10 years corresponding to the investment in Account D01 – Dams & Dikes or the closest corresponding account available (e.g. FERC Account 332 – Reservoirs, Dams and Waterways). For each responsive utility reflected in Gannett Fleming's depreciation studies during the past 10 years, specifically identify the utility, the identity of the Hydro electric facility, a description of the hydro electric facility and the year of the study. Further, for those instances where an average service life greater than 100 years was presented, please provide all support and justification that distinguishes those life expectations for the specific utilities with the 100-year life expectation for Hydro such that a clear basis exists that demonstrates why Hydro's investment cannot also achieve average service lives in excess of 100 years.

CA-NLH-157 [Account D01 – Dams & Dikes] – In CA-NLH-75, the Company states that its proposed 100R4 life-curve combination "anticipates very few retirements through this observation period" and, as such, its proposal is "a reasonable fit to the observed life table." Please specifically state whether a 110R4 life-curve

combination as well as a 120R4 life-curve combination would not also anticipate very few retirements through this observation period and as such be "a reasonable fit to the observed life table." To the extent the 110- and 120-year values are not also reasonable fits, provide all support, justification, and corresponding documentation for such position. Further, in reference to the statement regarding interview notes that in Gannett Fleming experience earthen structures will eventually require capital upgrades, please explain and justify why such statements support a 100-year average service life versus a 110- or 120-year average service life. Finally, provide all experience of Gannett Fleming referenced in the response including the name of the unit, the name of the utility, the type of facility, the capital expenditures and upgrades, the dollar level of investment and when such investment occurred in relationship to the age of the unit, along with all other meaningful or significant information.

CA-NLH-158 [Account D01 – Dams & Dikes] – Regarding the statement in response to CA-NLH-75 that newer earthen dams may be expected to have longer lives than those structures constructed in the 1960s through 1990s, please provide all support, justification, and corresponding documentation for such statement, as well as the longer life expectancy associated with such newer construction. Further, provide the specific review standards employed by other utilities that demonstrate that Hydro's inspection programs are more or less vigorous than those of other utilities.

CA-NLH-159 [Account D01 – Dams & Dikes] – In CA-NLH-75 at page 2, the Company states that there is no evidence to suggest that earthen dams of the age of the Hydro system can be expected to last beyond the ages in accordance with the recommended 100R4 Iowa Curve. At this time, please provide all support and justification including all underlying documentation associated with such support and justification that distinguishes this statement's applicability to a 110- or 120-year average service life compared to a 100-year average service life.

CA-NLH-160 [Data] – Please provide a list that identifies the grouping of accounts set forth in the 2005 Gannett Fleming depreciation study as they are reflected in the 2009 Gannett Fleming depreciation study. To the extent certain 2005 accounts are

combined into multiple current accounts, identify the split and the basis for the split.

CA-NLH-161 [Account P03 - Penstock] – Please provide a continuity schedule by month for Account P03 – Penstock between the plant value and reserve value set forth in the 2005 Gannett Fleming study to the values set forth in the 2009 Gannett Fleming study. The information should be provided on electronic medium in Excel readable format. Further, fully explain and justify the current reserve value which is less than half the level reflected in the 2005 Gannett Fleming study.

CA-NLH-162 [Account P03 – Penstock] – Please fully explain, justify and provide all underlying documents in support of the justification and explanation as to why the reserve for Account P03 – Penstock has declined from $19,600,204 in the 2005 Gannett Fleming study to a level of $8,625,533 in the Gannett Fleming 2009 depreciation study. Specifically address the fact that the Company has identified a zero level of retirement activity for this account in its experience band of 1967-2009 as set forth on page IV-139 of the 2009 depreciation study.

CA-NLH-163 [Account P03 – Penstock] – In CA-NLH-96, the Company states that the proposed 70R4 Iowa Curve "anticipates very few retirements through this observation period." Please identify the dollar level of retirements anticipated through this observation period based on a 70R4 life-curve combination and the actual dollar level of retirement activity that has occurred during the corresponding period. Further, identify the anticipated retirements that would occur during this observation period if a 90R4 and a 100R4 life-curve combination were assumed. Finally, specifically state all reasons and provide all corresponding support why a 90R4 and a 100R4 life-curve combination would not also provide a reasonable fit if not a better fit to the observed life table.

CA-NLH-164 [Account P03 – Penstock] – As it relates to the statement made by the Company in CA-NLH-96, that it has been Gannett Fleming's experience that penstock structures will eventually require capital upgrades, please provide the specific experience referenced as well as all other Gannett Fleming experience where penstocks have not incurred capital upgrades to ensure their integrity. For each

item of experience, identify the generating station, utility, dates of capital upgrades as well as dates of initial installation. Finally, provide all support and justification as to why the experience of Gannett Fleming as it relates to capital upgrades would not also apply reasonably to 90R4 and 100R4 life-curve combinations.

CA-NLH-165 [Account P03 – Penstocks] – Regarding the statement in response to CA-NLH-96 that a significant portion of the investment in penstocks has occurred in the 1980s and as such the recommended 70R4 Iowa Curve is not inconsistent with the investment not being retired, please state whether the Company believes that the same statement would be as correct or more correct for 90R4 and 100R4 life-curve combinations. To the extent the Company is of the opinion that such statement is not equally or more applicable to longer average service lives, provide all support and justification for such position.

CA-NLH-166 [Account P03 – Penstock] – Regarding the statement made in CA-NLH-96 that the peer Canadian utility range for average service lives is between 60-100 years and only one peer uses a life greater than 75 years, please identify how many separate utilities are reflected in this range. Further, state whether the majority of separate companies reflected in the Canadian utilities peer group reflect average service lives greater than the 70-year level proposed by Gannett Fleming in this case. Finally, provide the name of the facilities, the corresponding utility, and the jurisdiction relating to depreciation parameters for penstocks that Gannett Fleming has reflected in any of its depreciation studies (not limited to Canada) during the past 10 years that exceed the 70-year average service life proposed in this proceeding, along with all basis and corresponding documentation as to why those longer average service lives are not indicative of the penstocks at issue for Hydro in this proceeding.

CA-NLH-167 [Account P03 – Penstock] – Regarding the statement in CA-NLH-96 that at this point in time there is no evidence to suggest that penstocks can be expected to last beyond the ages in accordance with the recommended 70R4 Iowa Curve, please provide all support, justification and corresponding documentation for any

position taken that the same statement is not equally or even to a greater extent applicable to either a 90R4 or a 100R4 life-curve combination.

CA-NLH-168 [Account P10 – Powerhouse] – Regarding the statement in CA-NLH-109 that the 75R3 Iowa Curve proposed by the Company "anticipates very few retirements through this observation period," please identify the estimated level of retirements that would have occurred in accordance with a 75R3 life-curve combination during this observation period as well as the specific actual level that has occurred. Further, provide the same information for a 90R3 and a 100R3 life-curve combination.

CA-NLH-169 [Account P10 – Powerhouse] – Regarding the statement in response to CA-NLH-109 that due to the low level of retirement activity anticipated with a 75R3 life-curve combination the Company's proposed life-curve combination is "a reasonable fit to the observed life table," please state whether the same statement would be as correct if not more correct for a 90R3 and a 100R3 life-curve combination. To the extent the Company believes that either of the longer life-curve combinations would not be as reasonable if not a better fit to the observed life table, provide all support, justification, and corresponding documentation for such position.

CA-NLH-170 [Account P10 – Powerhouse] – As it relates to the statement made to the Company in CA-NLH-109, that it has been Gannett Fleming's experience that powerhouses will eventually require capital upgrades, please provide the specific experience referenced as well as all other Gannett Fleming experience where powerhouses have not incurred significant capital upgrades to ensure their integrity. For each item of experience, identify the generating station, utility, dates of capital upgrades as well as dates of initial installation. Finally, provide all support, justification and corresponding documentation as to why the experience of Gannett Fleming as it relates to capital upgrades would not also apply reasonably to 90R3 and 100R3 life-curve combinations.

CA-NLH-171 [Account P10 – Powerhouse] – Regarding the statement in CA-NLH-109 that most of the investment in powerhouses has occurred in the 1980s and as such,

the Company recommended 75R3 life-curve combination would not anticipate retirements as of this time period, please state whether this statement is applicable or even more so applicable to a 90R3 and a 100R3 life-curve combination. To the extent the Company believes that this statement is not as equally or more so applicable to longer average service lives, provide all support, justification and corresponding documentation for such position.

CA-NLH-172 [Account P10 – Powerhouse] – Regarding the statements on page 2 of CA-NLH-109 that Canadian utilities have average service lives ranging from 65-100 years with most in the 65-75 year range and only one with a value greater than 75 years, please identify the specific separate utilities and the corresponding values referenced. Further, provide the equivalent values greater than 75 years contained in any Gannett Fleming depreciation (not limited to Canada) study during the past 10 years, specifically identifying the facility, the utility, and the corresponding jurisdiction along with the utilized average service life for such facility. Finally, specifically state why longer average service lives that have been proposed by Gannett Fleming in other jurisdictions do not provide information indicative of a longer life expectancy than the 75 years proposed by Hydro. To the extent any portion of the response attempts to distinguish between Canadian and United States utilities, provide all support, justification, and corresponding documentation for such position.

CA-NLH-173 [Account P10 – Powerhouse] – Please provide a detailed continuity schedule identifying all changes to original cost and reserve levels as reported by Gannett Fleming in its 2005 depreciation study for powerhouse investment compared to the values set forth for Account P10 – Powerhouse in Gannett Fleming's 2009 depreciation study. Further, provide a specific narrative along with all support, justification and documentation corresponding to the reduction in the reserve level from approximately $26 million as reflected in the 2005 Gannett Fleming depreciation study for powerhouses compared to $13 million being reported in the 2009 depreciation study.

CA-NLH-174 [Data] – The following documents have been provided in PDF format. Please provide the attachments to the following responses on electronic medium in Excel readable format:

a. CA-NLH-1
b. CA-NLH-99,
c. CA-NLH-103,
d. CA-NLH-125,
e. CA-NLH-134,
f. CA-NLH-136, and
g. CA-NLH-138.

CA-NLH-175 [Account D02 – Diesel Systems & Engines] – Please provide a separate listing of each diesel unit identifying the following:

a. The name of the unit;
b. The year installed;
c. The kilowatt size of each unit;
d. The operating speed of each unit;
e. The vendor;
f. Any manufacturers' documentation associated with life expectancy for such units if properly maintained and the recommended overhaul schedule;
g. Whether relocated, and if relocated when initially installed and when relocated;
h. The number of hours of operation as of the end of 2009 and as of the end of 2011;
i. The number of hours and corresponding date at which each prior overhaul occurred.

The information should be provided on electronic medium in Excel readable format.

CA-NLH-176 [Account D02 – Diesel Systems & Engines] – Please provide a copy of all current plans to retire or relocate any diesel generating units. For each unit identified,

provide the anticipated date for retirement or relocation, and the reason for such projected retirement or relocation.

CA-NLH-177 [Account D03 – Diesel Systems & Engines] – In CA-NLH-19, a statement is made that the peer group for Account D03 – Diesel Systems and Engines ranges from 18-30 years with an average of 25 years. At this time, please identify the utilities and line items under the heading of other production on pages III-6 of the 2009 Gannett Fleming study referenced and relied upon for such statement. Further, provide all support, justification, and documentation in support of the position that the 18-year average service life is consistent with the life indication expected for Hydro's generating units, specifically addressing that the 18-year value corresponds to a heading of Prime Movers rather than Generators.

CA-NLH-178 [Account G03 – Generators] – Please identify all current plans to retire any of the Company's investment in Account G03 – Generators. Further, provide all documentation in support of any plans to retire any of the assets.

CA-NLH-179 [Account G03 – Generators] – Please provide all support, justification, and corresponding documentation in support of any opinion or basis that the Company believes its investment in generators is not reasonably represented by a 70S4 life-curve combination in comparison to the Company's proposed 60S4 life-curve combination for Account G03 - Generators.

CA-NLH-180 [Account G03 – Generators] – Please identify the specific peer group values for investment in Account G03 – Generators as reflected on page III-6 of the 2009 Gannett Fleming study. Further, to the extent the values are greater than the 60-year average service life proposed for Hydro, provide all support and justification explaining why the longer service lives for peer Canadian utilities is excessive as it applies to the investment to Hydro's generators.

CA-NLH-181 [Account G03 – Generators] – In CA-NLH-86, the Company states that "it was determined that the winding should have a 40-year service life as compared to the 60-year life as determined for the new G03 – Generators account." Please provide all support, justification and corresponding underlying documentation

associated with the determination of both the 40- and 60-year average service lives. To the extent longer average service lives of 10 years for each category (windings and generators) could not also reasonably be determined based on available information, provide all basis for such position.

CA-NLH-182 [Account I03 – Insulators] – Regarding the insulator replacement programs referenced on Attachment 1 to response CA-NLH-91, please provide a detailed narrative identifying, explaining and justifying the specific insulator replacement programs. The information should include when the program was first initiated as well as its current status, the reasons for implementing the programs, and why it was necessary to retire approximately $1.3 million of investment at age 20.5 years associated with transmission lines TL229 and TL226. Finally, identify current plans to retire additional insulators associated with the insulator replacement program, providing all underlying documents associated with any future anticipated replacement program activity.

CA-NLH-183 [Account I03 – Insulators] – Please provide all analyses performed by operating staff, as well as all documents associated with such analyses that resulted in the "indicated agreement that 30 years in consistent with the life" for the investment in Account I03 – Insulators, as referenced in CA-NLH-92. To the extent the indicated agreement was based only on verbal comments, provide all meaningful or significant information that would support the indicated agreement with a 30-year life. Finally, provide all analyses and meaningful and significant information from Company personnel which demonstrates that a 35-year average service life for investment in this account is not also reasonable for expected future life expectations.

CA-NLH-184 [Account I01 - Insulators] – Please provide the retirements for Account I03 – Insulators on a vintage basis that occurred during calendar years 2010 and 2011. The information should be provided on electric medium in Excel readable format.

CA-NLH-185 [Account I03 - Insulators] – Please fully explain and justify why the Canadian peer group value for insulators is 37 years, yet Hydro proposes a 30-year average service life for the investment in Account I03 – Insulators. The response

should specifically distinguish, explain, and document the basis for why Hydro's insulators are anticipated to have a much shorter average service life than the 37-year peer group value set forth on page III-6 of the 2009 Gannett Fleming study.

CA-NLH-186 [Account P04 – Poles, Cribs and Pole Hardware] – In CA-NLH-98, the Company states that it does not have detailed reason for retirements in its asset records. However, retirements are generally for replacement of plant. Attachment 1 to that data response identifies the majority of the investments retired in 2008 correspond to an installation date of 1981. Please provide a detailed description of the various projects that occurred in 2008 that resulted in the retirement of plant placed in service in 1981 for the Central Interconnect, the Labrador East Diesel, and the Northern Interconnected upgrade projects, specifically identifying what were the underlying circumstances that resulted in such events. Further, provide a detailed explanation substantiating why the Company has not incurred another similar level of retirement activity in comparison to investment dollars exposed to retirements in any other age bracket, if it considers the 2008 retirement activity as being normal.

CA-NLH-187 [Account P05 – Pole Structures – Wood] – Please provide a full description and the date of implementation of each separate type of wood pole inspection program associated with Account P05 – Pole Structures – Wood. Further, identify the number of poles affected by each, by year, during the past 10 years. Finally, identify the impact that each program has on the life expectation of wood poles along with all supporting documentation for each expectation.

CA-NLH-188 [Account P07 – Poles – Wood] – In CA-NLH-106 the Company states that the larger retirement ratios experienced for Account P07 – Poles – Wood were caused by retirement activity that was "expected" to occur in future years. Given that the retirement activity noted at age 16.5 includes approximately $149,000 for sales of poles and approximately $115,000 for inventory adjustments, please explain and fully justify why such activities at age 16.5 years of age would be expected to reoccur in the future for the existing plant in service.

CA-NLH-189 [Account P07 – Poles – Wood] – In CA-NLH-106, the Company states that its operation group felt that a short life extension to the previously proposed 35-year life would be appropriate for Account P07 – Wood – Poles. At this time, please provide a detailed narrative explaining why the Company personnel believe a small extension is warranted, along with all underlying supporting documentation for such position including all meaningful and significant factors. Further, specifically explain and support if a 5-year life extension would not also meet the expectations of personnel and if not, why not, along with all underlying documentation to support such position.

CA-NLH-190 [Account R12 – Right of Ways] – Regarding the statement in CA-NLH-116 that Gannett Fleming has recommended a 36- to 75-year average service life range for peer companies as a basis for its proposal for a 55-year life for the investment in Account R12 – Right of Ways for Hydro, please provide the following information:

a. Whether the land and land rights under both Transmission and Distribution headings on page III-6 of the 2009 Gannett Fleming depreciation study reflect the peer group values and if not, specifically what line items in the peer group data would represent the industry range;

b. The supporting documentation and narrative explanation why the 36-year average service life for Fortis Alberta is a reasonable proxy peer group value given the other peer group values reported by Gannett Fleming;

c. What average service life value is utilized most by peer group companies;

d. What are the resulting mean, median and mode values for the peer group companies, along with the actual calculation identifying the values used in the corresponding utilities.

CA-NLH-191 [Account R12 – Right of Ways] – Regarding the statement in CA-NLH-116 that operations staff indicated that a 45- to 50-year life would be reasonable for the life associated with Account R12 – Right of Ways, please provide the following:

a. A detailed narrative explaining and justifying why operations staff believes that only a 45- to 50-year life would be reasonable including all meaningful and significant factors;

b. All documents which support operations staff's belief that a 45- to 50-year life would be reasonable;

c. Whether operations staff also believes that a 65-year life, a 70-year life, and a 75-year life would also be reasonable and to the extent each of the noted lives is not considered reasonable, all support and justification and documentation in support of such position including all meaningful and significant factors.

CA-NLH-192 [Account R12 – Right of Ways] – Regarding the concepts stated in CA-NLH-114 that easements associated with account R12 – Right of Ways are "for the life of the line," please provide all support and justification why a 55-year average life meets such criteria given the fact investments in Account C13 – Conductor have an average service life of 60 years with an R3 dispersion which yields a maximum life expectancy in excess of 90 years for the investment in that account and that other investments residing upon right of ways also have maximum life expectancies well in excess of the maximum life for the proposed 55R4.

CA-NLH-193 [Account R12 –Right of Ways] – Please provide the level of retirement activity that would be expected associated with the various vintage plant balances for Account R12 – Right of Ways based on a 55R4 life-curve combination as proposed by Hydro. To the extent the resulting value exceeds actual reported retirements on page IV-179 of the 2009 Gannett Fleming study, explain and justify why a longer average service life or an average service life with a different dispersion pattern would not be more appropriate than the 55R4 life-curve combination proposed by Hydro.

CA-NLH-194 [Account R12 – Right of Ways] – In CA-NLH-115, a statement is made that a significant life extension is appropriate for the investment in Account R12 – Right of Ways which is followed by a statement that "as such, a 10 year life extension (22%) is recommended." At this time, please provide all criteria relied upon to limit the life extension to 22% rather than any other value. Further, identify each instance in the 2009 Gannett Fleming study where life extensions or reductions exceeded 22% from the previously recommended average service life estimate for such account. Finally, state whether Gannett Fleming has recommended life

extensions or reductions in excess of 22% for other utilities and if so, why a 22% life extension limitation is believed appropriate for Hydro in this case.

CA-NLH-195 [Account R12 – Right of Ways] – Please identify all right of ways that have been retired during 2010 and 2011 as well as all right of ways where there is a definitive plan to be retired in the future. For each actual retirement during 2010 and 2011 and each planned retirement, provide the dollar amount of right of way at issue along with the corresponding year of installation. For those right of ways with definitive plans for retirement, provide the expected future year of such retirement.

CA-NLH-196 [Account R12 – Right of Ways] – Please identify where in the response to CA-NLH-12 there is any reference to investment in Account R12 – Right of Ways.

CA-NLH-197 [Account R13 – Roads] – Please explain and justify why the reference to 40-year average service lives for roads and trails under the heading of Transmission Plant as set forth on page III-6 of the Gannett Fleming study are considered peer comparable values when the vast majority of the investment in Account R13 – Roads appear to be associated with production facilities.

CA-NLH-198 [Account R13 – Roads] – In CA-NLH-118, the Company states that capital upgrades under IFRS will be recorded in association with partial retirements in the future. At this time, please provide any analyses indicating timing and relationship to age associated with historic or future projected partial capital upgrades as referenced and how such events will impact life estimation as it applies to Account R13 – Roads. Further, provide all documentation in support of the response.

CA-NLH-199 [Account R13 –Roads] – Please identify the life estimate for roads reflected in Gannett Fleming studies in North America during the past 10 years. For each such estimate, identify the utility and the date of the study as well as the corresponding account pertaining to the investment at issue.

CA-NLH-200 [Account R14 – Routers & LAN] – As it relates to investment in Account R14 – Routers & LAN, the Company states in CA-NLH-119 that due to the small dollar values associated with plant balances in this account, plant older than 5 years of age should have been retired but a retirement work order has not been issued. At this time, please confirm that all investment in Nordix LAN wiring installed in 2001 has actually been physically retired. Further, specifically confirm that the investment in IBM tape libraries have actually been physically retired including the 3584 tape library placed in service on December 31, 2003. Finally, provide all documents that support the Company's belief that such investments have actually been physically removed from service and should have been retired.

CA-NLH-201 [Account R14 – Routers LAN] – In CA-NLH-119, the Company states that although routers have been replaced, the old ones are kept as spares. At this time, please state whether the Company believes that routers kept as spares constitute retired property and, if so, provide all support and justification for such position. Finally, provide a listing of those routers along with the corresponding investment and date of installation that are retained as spares. The information should be provided on electronic medium in Excel readable format.

CA-NLH-202 [Account R14 – Routers & LAN] – Regarding the statement in the Attachment to response CA-NLH-12 that the Company's policy would indicate no more than a 5-year life for hardware with most computers being replaced prior to five years, please provide the following:

a. A copy of the written policy;

b. Whether computer tapes are considered hardware and applicable to the policy;

c. Whether network wiring is considered hardware and applicable to the policy;

d. Why such statement is applicable to the investment in Account R14 – Routers and LAN given that Hydro has a separate account specifically applicable to computers.

CA-NLH-203 [Account R14 – Routers & LAN] – Please identify the peer company category listing on pages III-6 through III-8 of the 2009 Gannett Fleming study that

corresponds to this specific investment in routers and LAN investment applicable to Hydro. Further, provide support and justification for the specific claimed line item referenced being limited to routers and LAN equipment including items such as tape library systems and LAN wiring, and provide all supporting documentation.

CA-NLH-204 [Account R15 – Runner] – Please identify the FERC plant account that the investment in Account R15 – Runner would be booked if subject to FERC accounting.

CA-NLH-205 [Account R15 – Runner] – Regarding the statement in CA-NLH-122 that the operating group has indicated a 33-year life is reasonable for the investment in account R15 - Runner, please provide the following:

a. A detailed narrative explaining and justifying the basis for the assumption that a 33-year life estimate for the investment in this account is reasonable, including all meaningful and significant factors;

b. All documents that support the operation group's statement;

c. All reasons why the operating group does not believe a life estimate of 38 or 40 years is not also reasonable if, in fact, they do believe that such life estimates are not reasonable along with all support and justification for such position including all meaningful and significant factors.

CA-NLH-206 [Account R15 – Runner] – Please provide the actual retirements that occurred in 2010 and 2011 for Account R15 – Runner. Further, identify the corresponding year of installation by dollars of retirement.

CA-NLH-207 [Account R15 – Runner] – Please state whether Hydro believes that a 37L5 life-curve combination is not also a reasonable representation of actuarial results for the investment in Account R15 – Runner. To the extent Hydro believes the 37L5 life-curve combination is not reasonable, provide all support and justification for such position including all meaningful and significant factors.

CA-NLH-208 [Account R15 – Runner] – Please provide a detailed description of what retired, and the cost of the retirements associated with the three retirements listed on page IV-183 of the 2009 Gannett Fleming study for Account R15 – Runner.

CA-NLH-209 [Account S03 – Servers] – In CA-NLH-123, Hydro states that plant balances that exceed 5 years should have been retired but for which retirement work orders have not been issued for investment in Account S03 – Servers as reflected on page V-96 of the 2009 Gannett Fleming report. Please reconcile such statement with Attachment 1 to CA-NLH-123 that indicates that the Company retired many assets in 2011 with ages exceeding 5 years of service.

CA-NLH-210 [Account S05 – Software] – In CA-NLH-126, reference is made to various peer company life determinations for software corresponding to Hydro's Account S05 – Software. The references correspond to depreciation-related cases approximately 10 years old. At this time, please provide all support and justification why Hydro cannot obtain 10-year life expectancy for its various software systems given the peer utility comparisons set forth on page III-8 of the 2009 Gannett Fleming depreciation study lists numerous 10-year values for software, enterprise software, and SAP software systems. The response should include all documentation in support of any position that Hydro's software cannot also obtain a 10-year service life. Also provide the current life values for the referenced peer companies.

CA-NLH-211 [Account S05 – Software] – Please provide the life expectancy for software investment set forth in Gannett Fleming depreciation studies during the past 5 years other than those noted on pages III-6 through III-8 of the 2009 Gannett Fleming depreciation study. To the extent Gannett Fleming proposed life expectancies for software systems greater than 7 years in other depreciation studies, provide all support and justification demonstrating that those longer lives are not applicable to same or similar type software systems of Hydro. Further, provide all support and documentation for any position that Hydro's software systems cannot obtain 10 years of service.

CA-NLH-212 [Account S05 – Software] – In CA-NLH-126, a statement is made that "it was determined that a life in excess of 7 years would not be appropriate" as it applies to the investment in Account S05 – Software. At this time, provide the detailed analysis along with all corresponding documents which demonstrate how "it was determined." The response should include all meaningful and significant items of information relied upon for the determination.

CA-NLH-213 [Account S16 – Studies] – In CA-NLH-19, the Company states that it is its practice and Mr. Kennedy's experience to use a 5-year amortization period for the investment in Account S16 – Studies. At this time, provide any written policies along with the support for the development of the policy associated with the amortization period for studies.

CA-NLH-214 [Account S16 – Studies] – In CA-NLH-19, it is stated that Mr. Kennedy's experience is that 5 years is a common amortization period for studies associated with the investment in Account S16 – Studies. At this time, please provide the following:

a. The specific page and line of the peer group information contained in the 2009 Gannett Fleming study that specifically identifies studies;

b. To the extent there are no specific peer group line items in the 2009 Gannett Fleming study that identifies studies, provide the specific account in which studies are incorporated for other utilities on pages III-6 through III-8 of the 2009 Gannett Fleming study;

c. All documents that support the statement that it is common to amortize studies over 5 years, clearly identifying the utility at issue, the date of such information, and the specific type of study corresponding to the documentation;

d. All support and justification for a practice that sets an amortization period shorter than the benefits associated with an individual study (e.g. why a study that addresses life extension of 15 years for a particular capital asset is not amortized over the 15-year benefit period, etc.);

e. A listing of each separate instance where Gannett Fleming has specifically recommended an amortization period for studies in depreciation studies in North America during the past 5 years, along with

the corresponding documentation to support the proposed amortization period.

CA-NLH-215 [Account S16 – Studies] – In CA-NLH-131 the Company identifies an Island Pond Development Study placed into service in 2007 as it relates to the investment in Account S16 – Studies. The response further notes that the purpose of the study was to develop information associated with the construction schedule and allow estimates of costs and benefits associated with the feasibility of the project. Please fully explain and justify why the study should be amortized over a period shorter than the anticipated benefits associated with the study itself.

CA-NLH-216 [Account S16 – Studies] – In CA-NLH-131 the Company failed to respond to the portion of the request seeking all reasons and justification along with the documents that support any position that an average service life greater than 5 years is not appropriate. At this time, please provide the previously requested information.

CA-NLH-217 [Account S16 – Studies] – Regarding a listing of studies provided in CA-NLH-131 relating to Account S16 - Studies, please provide the anticipated benefits or corresponding period associated with each study (e.g. the 2007 Gas Term and Assessment for HWD notes a 15-year life extension period which implies a 15-year corresponding benefit associated with the study information, etc.).

CA-NLH-218 [Account T04 – Towers] – Please provide all reasons along with all corresponding documentation in support of any reason provided such that an average service life of 70R3 would not also be reasonable value for the investment in Account T04 – Towers.

CA-NLH-219 [Account T05 – Transformers] – In CA-NLH-139 relating to account T05 – Transformers, a statement is made that retirements occurring after age 32.5 years become much smaller than the retirement activity starting at age 2.5 years and as such, Gannett Fleming views a 55R3 as a good fit to the observed life table. At this time, please state the significance of the much smaller level of

retirement activity subsequent to 32.5 years of age in the selection process. Further provide all authoritative sources for discounting or giving less significance to the limited retirement activity subsequent to 32.5 years of age given the dollar level of exposures at issue at 32.5 years of age and beyond.

CA-NLH-220 [Account T05 – Transformers] – Regarding the two large power transformers retired at age 14.5 years as set forth in the Attachment in CA-NLH-137, please state if such transformers were used elsewhere in the system and if not why not.

CA-NLH-221 [Account T05 – Transformers] – In CA-NLH-137, the Company states that the decommissioning of substations is normal activity and as such should be included in the retirement rate analysis for Account T05 – Transformers. Given such position, please state why a 67R2.5 life-curve combination is not a better or a reasonable fit to the historical data compared to the Company-proposed 55R3 life-curve combination. The response should include all supporting documentation associated with any position that the longer average service life is not a reasonable fit, including all meaningful and significant factors.

CA-NLH-222 [Account T05 – Transformers] – In CA-NLH-139 the Company states that operations staff agreed that a 55-year life is representative of the life characteristics for the investment in Account T05 – Transformers. At this time, provide all underlying support and documentation in association with operation staff's analysis and conclusion that a 55-year life is representative including all meaningful and significant factors. Further, state whether operation staff also believes a 60- or 65-year life is characteristic of the investment in the account and, if not, provide all support and justification for such position along with all corresponding supportive documentation.

CA-NLH-223 [Account T09 – Turbines] – In CA-NLH-145, the Company states that peer group average service life estimates range between 25 and 60 years for investment equivalent to Account T09 – Turbines. Please identify the specific utilities and average service lives and on which line item on page III-6 of the 2009 Gannett Fleming study such information can be found. Further, specifically state whether the peer groups segregate turbines as does Hydro and, if not, why the peer

group information represents a reasonable basis for the proposed average service life.

CA-NLH-224 [Account T09 – Turbines] – In CA-NLH-145, the Company states that the operations group agrees that the continued use of a 50-year average service life is appropriate. At this time, provide a detailed narrative identifying the basis for such position along with all supporting documentation, including all meaningful and significant factors.

CA-NLH-225 [Account T09 – Turbines] – In CA-NLH-145, the Company states that operations group agrees that a 50-year average service life is appropriate. At this time, please state whether a 55-year and a 60-year average service life are also appropriate and, if not, provide all support and justification for such position along with all underlying documentation, including all meaningful and significant factors.

CA-NLH-226 [Account T09 – Turbines] – Please provide a copy of all current plans to retire any of the Company's turbine investment set forth on Attachment 1 to CA-NLH-146.

CA-NLH-227 [Account T09 – Turbines] – Please fully explain and justify why a life span method of depreciation was not utilized for the investment in Account T09 – Turbines.

CA-NLH-228 [Account T09 – Turbines] – Please provide a more detailed description of the type of generating unit associated with the turbines set forth in response to CA-NLH-146 (e.g. 30 megawatt combustion turbines, etc.).

CA-NLH-229 [Account W01 – Water Regulating Structures] – In CA-NLH-150, a statement is made that operating staff indicated that a life of approximately 45 to 55 years should be used as it applies to investment in Account W01 – Water Regulating Structures. At this time, please identify where such statement is contained in response to CA-NLH-12.

CA-NLH-230 [Account W01 – Water Regulating Structures] – Regarding the statement that operating staff indicated that a 45- to 55-year life should be used for the investment in Account W01 – Water Regulating Structures as set forth in CA-NLH-150, provide a detailed narrative identifying the basis for operating staff's position as well as all corresponding studies and documents to support such position, including all meaningful and significant factors. Further, specifically indicate why a 70- and 80-year average service life is also not appropriate. To the extent operating staff believe that 70- or 80-year average life expectations are not also reasonable, provide all support, justification and underlying documentation associated with such position, including all meaningful and significant factors.

CA-NLH-231 [Account W01 – Water Regulating Structures] – In response to CA-NLH-150, reference is made to the fact that peer companies range from 70 to 100 years for the investment in Account W01 – Water Regulating Structures. Given this average service life range for the peer companies, please provide all support and justification for the much shorter service life proposed for Hydro, including all meaningful and significant factors.

CA-NLH-232 [Account W01 – Water Regulating Structures] – In response to CA-NLH-150, reference is made to a Gannett Fleming 2007 study which recommended a 45-year life for investment in Account W01 – Water Regulating Structures. At this time, provide all support and justification for the previous 45-year estimate, specifically noting whether any retirement activity had previously been relied upon and what operational staff indicated corresponding to that study.

CA-NLH-233 [Account W01 – Water Regulating Structures] – Please provide a detailed narrative identifying specifically what the fish compensation structure placed in service in 2003 represents as set forth in Attachment 1 to CA-NLH-149, including all meaningful and significant factors. The response should also provide a detailed categorization of the investment at this location.

CA-NLH-234 [Account W01 – Water Regulating Structures] – Please reconcile the selection of a 55S4 life-curve combination for investment in account W01 – Water Regulating

Structures with the fact that no retirement activity has been reported and over $2.2 million of investment was first placed in service in 1967 with additional millions of dollars being placed in service through 1983 as referenced on page V-128 of the 2009 Gannett Fleming depreciation study.

CA-NLH-235 [Reserve] – Please provide a detailed continuity schedule identifying all changes to original cost and reserve levels as reported by Gannett Fleming in its 2005 depreciation study for the accounts listed below compared to the values set forth for the same investment in Gannett Fleming's 2009 depreciation study. Further, provide a specific narrative along with all support, justification and documentation corresponding to the reduction in the reserve level values reflected in the 2005 Gannett Fleming depreciation study compared to the values being reported in the 2009 depreciation study:

a. Account C13 – Conductors,
b. Account C18 – Cranes,
c. Account G02 – Gates,
d. Account I03 – Insulators,
e. Account I04 – Intake Structures,
f. Account R12 – Right-of-Ways,
g. Account R13 – Roads,
h. Account R15 – Runners,
i. Account T09 – Turbines, and
j. Account W01 – Water Regulating Structures.

CA-NLH-236 [Holyrood] – Regarding the decision not to include the Holyrood station in the depreciation study, and to claim that the assets that will be retired around 2020 will be fully recovered, please provide the following as of December 31, 2009, and December 31, 201l:

a. All prohibitions to a decision to include the Holyrood assets in the depreciation study;
b. The vintage plant additions to be retired in 2020 by account (asset);
c. The reserve by account (asset) for plant to be retired in 2020;
d. The vintage plant additions that will not be retired in 2020, by account (asset);

e. The reserve by account (asset) for plant not to be retired in 2020;

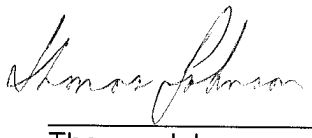
f. The life expectancy for plant that will not be retired, by account (asset), along with all support, justification and corresponding documentation for the support and justification for life expectancy;

g. A continuity schedule for plant (separately for both assets expected to retire in 2020 and those that are expected to continue in operation) and reserve on the same basis from the values in the last Gannett Fleming depreciation study that did include them; and

h. The applicable depreciation rate by account (asset).

All numerical information should be provided on electronic medium in Excel readable format.

Dated at St. John's in the Province of Newfoundland and Labrador, this 23rd day of May, 2012.



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