

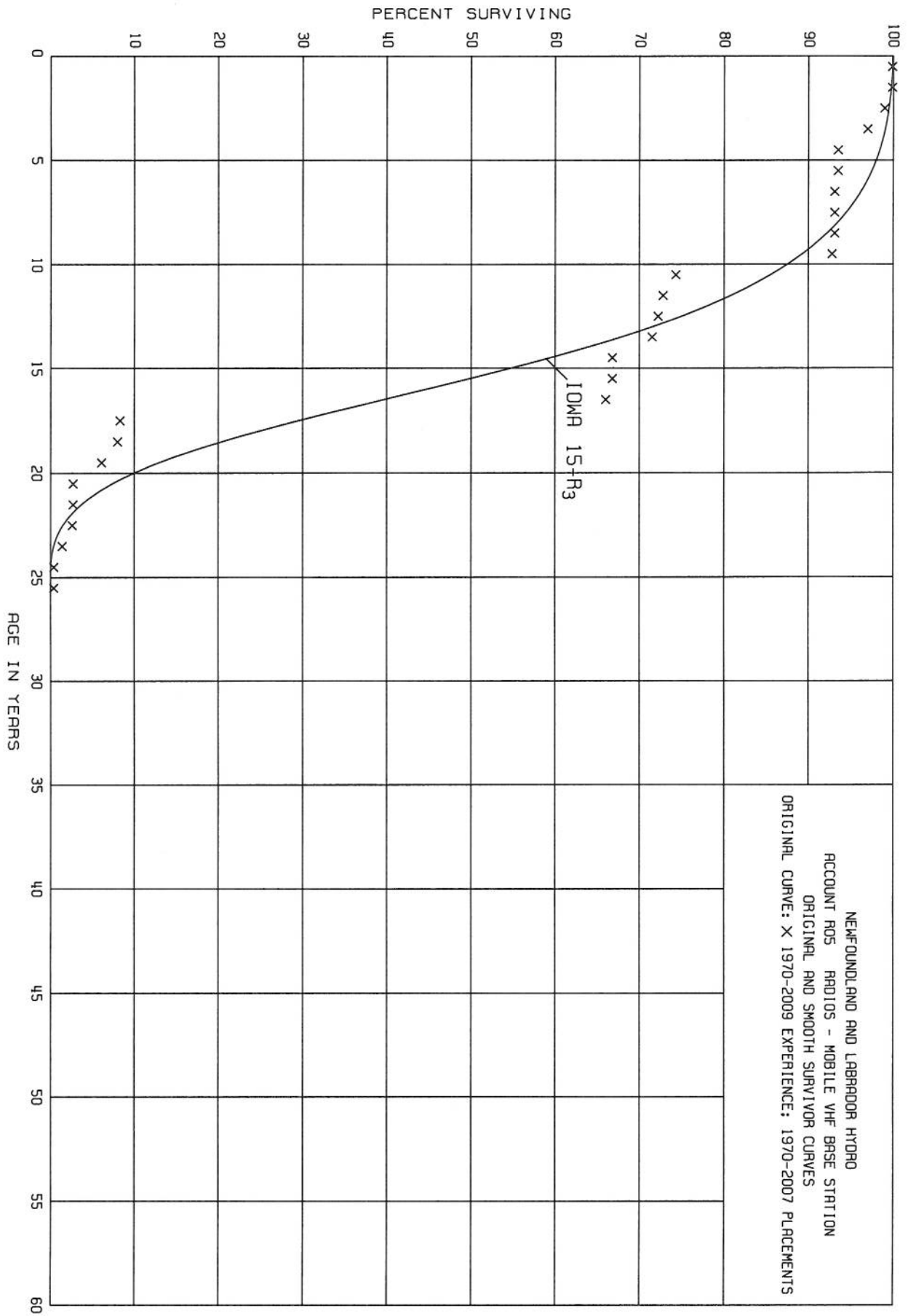
1 Q. Re: Account R05: Please fully explain and justify the selection of a 15R3 life-curve
2 combination for Account R05 – Radios – Mobile VHF Base Station. The response
3 should specifically address the negative exposures and negative retirement on page
4 IV-165. The response should also present the specific steps and corresponding
5 information and documents relied on to arrive at the proposed life-curve
6 combination.

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9 A. A revised retirement analysis has been filed due to a processing error in the initial
10 data. The revised retirement data is included in the attachment to this response.

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12 The negative exposures are now corrected through age 26.5 years, at which point
13 the exposures have already become immaterial for the purposes of this analysis. A
14 revised observed life table and Iowa curve fit graph have been provided as CA-NLH-
15 113 Attachment 1. Based on a review of the revised observed life table, the
16 average service life recommendation originally made by Gannett Fleming remains
17 unchanged from the Iowa 15-R3.

18
19 This account does have a material amount of retirement history, which was
20 conducive to a retirement rate analysis. The review of the mortality history
21 produced a life estimate of the Iowa 15-R3 when fitted through age 19.5 years. The
22 curve fitting gave particular recognition to a large indication of retirement at ages
23 9.5 and 16.5 years. However it was noted that a pattern of continual retirement
24 actively occurs from ages 1.5 through age 19.5 years. The peer group information
25 was not considered by Mr. Kennedy as relevant for this account. The operations
26 group noted that virtually all of the current investment in the account was installed
27 in 2007 and therefore had not yet started to retire to any significant level.

1 However, the operations staff also noted that the newer equipment currently
2 installed may have a shorter life than the older previously retired equipment.
3 However, until indications of retirement are apparent, Gannett Fleming views that
4 the use of the 15-R3 curve is appropriate.



NEWFOUNDLAND AND LABRADOR HYDRO

ACCOUNT R05 RADIOS - MOBILE VHF BASE STATION

SURVIVING AT DECEMBER 31, 2009

AVG AGE RET 14.2 1 EXPERIENCE ANALYSIS
PLACEMENT BAND 1970-2007 EXPERIENCE BAND 1970-2009

AGE AT BEGIN OF INTERVAL	EXPOSURES AT BEGINNING OF AGE INTERVAL	RETIREMENTS DURING AGE INTERVAL	RETMT RATIO	SURV RATIO	PCT SURV BEGIN OF INTERVAL
0.0	8,241,375		0.0000	1.0000	100.00
0.5	8,241,375		0.0000	1.0000	100.00
1.5	8,241,375	82,942	0.0101	0.9899	100.00
2.5	1,877,329	37,902	0.0202	0.9798	98.99
3.5	1,839,427	66,929	0.0364	0.9636	96.99
4.5	1,772,498		0.0000	1.0000	93.46
5.5	1,767,458	6,366	0.0036	0.9964	93.46
6.5	1,618,894		0.0000	1.0000	93.12
7.5	1,618,894		0.0000	1.0000	93.12
8.5	1,618,894	5,375	0.0033	0.9967	93.12
9.5	1,600,165	319,279	0.1995	0.8005	92.81
10.5	1,254,921	25,352	0.0202	0.9798	74.29
11.5	1,229,570	10,295	0.0084	0.9916	72.79
12.5	1,219,275	11,659	0.0096	0.9904	72.18
13.5	1,207,617	78,884	0.0653	0.9347	71.49
14.5	1,128,733	733	0.0006	0.9994	66.82
15.5	1,127,999	13,556	0.0120	0.9880	66.78
16.5	1,114,444	973,911	0.8739	0.1261	65.98
17.5	140,532	5,250	0.0374	0.9626	8.32
18.5	135,283	31,710	0.2344	0.7656	8.01
19.5	100,411	56,883	0.5665	0.4335	6.13
20.5	43,528		0.0000	1.0000	2.66
21.5	43,528	1,871	0.0430	0.9570	2.66
22.5	41,657	19,561	0.4696	0.5304	2.55
23.5	22,096	16,061	0.7269	0.2731	1.35
24.5	6,036		0.0000	1.0000	0.37
25.5	6,036	8,536	1.4142	0.4142-	0.37
26.5	2,500-		0.0000		
27.5	2,500-		0.0000		
28.5	2,500-		0.0000		
29.5	2,500-		0.0000		
30.5	2,500-		0.0000		
31.5	2,500-		0.0000		
32.5	2,500-		0.0000		
33.5	2,500-		0.0000		
34.5	2,500-		0.0000		
35.5	2,500-		0.0000		
36.5	2,500-		0.0000		
37.5					