

1 Q. [Account I03 - Insulators] - Please fully explain and justify why the Canadian peer  
2 group value for insulators is 37 years, yet Hydro proposes a 30-year average service  
3 life for the investment in Account I03 - Insulators. The response should specifically  
4 distinguish, explain, and document the basis for why Hydro's insulators are  
5 anticipated to have a much shorter average service life than the 37-year peer group  
6 value set forth on page III-6 of the 2009 Gannett Fleming study.

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9 A. The average service life of insulators is impacted by the environmental conditions  
10 to which they are exposed. In particular, the influence of the coastal environment  
11 results in an increased amount of corrosion as compared to the life indications of  
12 non-coastal installations. Of the Canadian utilities used in the peer group, only one  
13 utility – Newfoundland Power – would be subjected to similar types of coastal  
14 environmental issues. As such, it would be fully expected that the average service  
15 life of insulators would be longer in the circumstance of most of the peer group. In  
16 particular, the average service life estimate for insulators for Newfoundland Power  
17 is 31 years, which is comparable to the 30-year estimate being proposed by Hydro  
18 in this proceeding.