

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

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15 A. The projects that resulted in the retirement of plant placed in service in 1981 as
16 shown in CA-NLH-98, Attachment 1 are the Distribution Upgrading projects from
17 2005 to 2007. Distribution Upgrading projects provide for the replacement of
18 deteriorated poles, substandard structures, corroded and damaged conductors,
19 rusty and over loaded transformers, street lights, reclosers and other associated
20 equipment. Hydro's retirement process relating to pole hardware in Distribution
21 Upgrading projects is to retire equipment of the same dollar amount that was put in
22 service in the current year. This cost amount is discounted back to historical dollars
23 and the retirement is then processed against the oldest similar assets in the
24 records. There were an unusually large number of retirements in 2008 due to
25 retirements from Distribution Upgrading jobs in prior years that were not recorded.
26 Since 2008, these distribution retirements have been recorded on an annual basis.