

1 Q. **Depreciation**

2 Exhibit 11, page 52 of 628. Please indicate why a net salvage percentage is shown in
3 this table if Holyrood is already subject to an ARO.

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6 A. This response was provided by Concentric Advisors.

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8 Please refer to NP-NLH-145. Also, as noted on page 19 of 41 of Exhibit 8, only the
9 estimated phase 1 decommissioning costs of \$15.2 million are considered for ARO
10 at this time. The \$15.2 million ARO specifically excludes an additional estimated
11 amount of \$25.8 Million required for future phase 2 activities. As indicated in IC-
12 NLH-027, Attachment 1, the net salvage to be collected through depreciation
13 expense is far less than the anticipated phase 2 costs. Future depreciation studies
14 will continue to monitor that there is no double collection of the costs of removal.

NEWFOUNDLAND AND LABRADOR HYDRO
FUTURE COLLECTION OF NET SALVAGE THROUGH DEPRECIATION RATES
HOLYROOD ASSETS

UOP	DISCRIPTION	ASL	SALVAGE (%)	ORIGINAL COST	RESULTANT SALVAGE
A04.1	AUXILIARY POWER SYSTEMS	30-R4	-3	620,866.42	(18,625.99)
B01.1	BATTERY AND POWER SYSTEMS	26-L1.5	-3	106,626.95	(3,198.81)
B02.1	BOILER SYSTEM	40-R3	-8	35,073,429.98	(2,805,874.40)
B05.1	BUILDINGS - OTHER	50-R0.5	-3	1,300,250.21	(39,007.51)
B06.1	BUILDINGS - METAL	55-R3	-3	72,011.04	(2,160.33)
C01.1	CABLES - TELECONTROL	30-R4	-3	89,749.79	(2,692.49)
C03.1	CABLES - UNDERGROUND	60-S4	-14	544,049.00	(76,166.86)
C04.1	CABLES - ABOVE GROUND	60-R4	-14	629,827.19	(88,175.81)
C07.1	CHEMICAL FEED SYSTEMS	45-R4	-6	77,164.05	(4,629.84)
C12.1	CONDENSERS	55-R3	-3	2,329,666.71	(69,890.00)
C15.1	CONTROL, METERING, RELAYING	40-R3	0	119,879.96	-
E03.1	ENVIRONMENTAL EQUIPMENT	45-R2.5	0	1,280,260.97	-
F03.1	FIRE FIGHTING EQUIPMENT	50-R4	0	797,149.60	-
F04.1	FOOTINGS AND FOUNDATIONS	65-R3	-8	56,612.79	(4,529.02)
F06.1	FUEL SYSTEMS	50-R1.5	-11	13,309,152.08	(1,464,006.73)
G01.1	GAS TURBINE SYSTEMS	45-R3	-2	24,645.16	(492.90)
G03.1	GENERATORS	65-S3	-8	1,067,437.71	(85,395.02)
G06.1	GOVENORS	45-S4	-14	2,144,382.69	(300,213.58)
I02.1	INSTRUMENTATION	30-L0.5	0	6,727,325.70	-
I05.1	INVERTERS	25-S1.5	-8	24,416.54	(1,953.32)
L03.1	LAND IMPROVEMENTS	75-R3	0	5,765.52	-
M02.1	MARINE TERMINAL	65-R4	-6	468,522.87	(28,111.37)
M10.1	MISCELLANEOUS UNITS OF PROPERTY	22-R1.5	0	1,611,946.89	-
O02.1	OFFICE FURNITURE	20-SQ	0	58,975.29	-
P10.1	POWERHOUSE	75-R3	-8	8,903,431.82	(712,274.55)
P12.1	PROTECTIVE CONTROL AND RELAY PANELS	35-R3	0	106,685.08	-
R13.1	ROADS	60-R4	-8	1,859.00	(148.72)
S07.1	STACKS	55-R4	-8	9,202,118.78	(736,169.50)
S08.1	STATIC EXCITATION SYSTEM	32-R4	-6	1,461,434.58	(87,686.07)
T03.1	TOOLS AND EQUIPMENT	20-SQ	0	351,261.50	-
T05.1	TRANSFORMERS	55-R3	-6	126,690.40	(7,601.42)
T09.1	TURBINES	55-R2.5	-14	27,077,372.48	(3,790,832.15)
W03.1	WATER SYSTEMS - FEED	55-R2.5	-8	2,818,634.49	(225,490.76)
W04.1	WATER TREATMENT	55-R2.5	-6	2,792,962.05	(167,577.72)
	Sub-Total			121,382,565.29	(10,722,904.88)