

1 **Q. [Account 361.2] – Please provide a detailed narrative explaining why the Company**
2 **selected a 45R3 life-curve combination for Account 361.2 and 367.2 given the**
3 **actuarial results set forth on page A-72 of the Gannett Fleming study, specifically**
4 **explain why a longer life that better matches the observed life table beyond 20 years**
5 **of age was not selected.**

6
7 A. The Company experienced premature failure of underground conductors that were
8 installed in the 1970's to the mid 1980's as did many other electric utilities. Newer
9 underground cable installed in the 1990's and later is constructed using a better insulating
10 material and better manufacturing process.

11
12 The proposed 45 year service life for underground cable is at the upper end of the range
13 of lives typically experienced by electric companies.¹ The service life estimate from the
14 2005 Depreciation Study was 40 years. There have been few retirements since the 1990s.
15 The historical data indicates a longer life than the 40 year estimate from the 2005
16 Depreciation Study, however it is expected that at some point in the future retirements
17 will return to their pre-1990s levels. A further increase in service life beyond 45 years is
18 not warranted at this time.

¹ The 45 year service life for underground cable and switches is consistent with the 45 year service life for underground services.