

1 **Q. [Account 324] – Given the Company’s statement in response to CA-NP-088 that the**
2 **Company has implemented an asset management program for hydro generating**
3 **facilities and the statement in response to CA-NP-084 that service life indications**
4 **are 70 to 75 years with a low modal curve for Account 324, please explain and**
5 **justify why the Company selected a 70S0.5 life-curve combination which begins to**
6 **deviate from historical experience at approximately 55 years of age as set forth on**
7 **page A-15 of the Gannett Fleming Study. Further, provide all support and**
8 **justification why a 75- or 80-year average service life is not also reasonable and**
9 **appropriate.**

10
11 **A.** The asset management program referenced in the response to Request for Information
12 CA-NP-088 will have a limited impact on the lives of assets in this account. The
13 preventive and predictive maintenance items discussed in the response are related
14 primarily to assets such as turbines and generators, not to dams and waterways.¹ The
15 Company’s expectation for Account 324 is for retirement activity to be similar going
16 forward as it has been in the past.

17
18 The currently approved estimated survivor curve from the 2005 Depreciation Study is the
19 70-S0.5. As was the case in 2005, the 70-S0.5 survivor curve represents an excellent fit
20 of the historical data through the first 55 years. While the 70-S0.5 does not fit the points
21 beyond age 55 as well as for earlier ages, these points represent smaller exposures and are
22 not considered to be as representative of future expectations. As discussed in the Hydro
23 inspection reports included in the attachment to the response to Request for Information
24 CA-NP-088, storage structures (i.e. dams, spillways and intakes) are expected to have
25 useful lives of 40 to 70 years, depending on the type of structure. The 70-S0.5 survivor
26 curve represents a very good fit of the representative historical data and falls within this
27 range of expected lives.

28
29 Given the analysis of the historical data, the approved life estimate and the expectation of
30 Company personnel, the most reasonable and appropriate estimate for this account is to
31 continue to use the 70-S0.5 survivor curve.

¹ For a further explanation please see response to Request for Information CA-NP-544.