1   Q.   Re: Remaining Life: Please provide a detailed narrative along with a corresponding

2   step-by-step example of how the Company calculates remaining life for: (a) mass

3   property accounts where no remaining plant in service exceeds the life depicted by

4   the end of the assumed life/curve combination chosen for life purposes; and (b)

5   where many of the older vintages that are still in service exceed the end of the

6   life/curve combination chosen for life analysis purposes by the Company. Further,

7   provide all support and justification for the Company's calculation procedures.

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10   A.   a)   The details of the calculation are provided for each account in Section V of the

11   Gannett Fleming report. In this circumstance, where no surviving vintage

12   exceeds the maximum age of the Iowa curve, the remaining life calculation

13   procedure is described in the Gannett Fleming report at page II-33. An example

14   of this calculation can be found in the Gannett Fleming Depreciation Study at

15   Page V-35 – Account F04 – Footings and Foundations. In this example the

16   composite remaining life of 26.8 years is determined by dividing the future

17   accrual amount of \$9,660,864 by the annual accrual requirement of \$359,895.

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19   b)   The remaining life is calculated in much the same fashion as in the circumstance

20   as described in part (a) of this response, with one exception. Once the vintages

21   exceed the maximum age of the Iowa curve, the vintages are considered to be

22   fully depreciated and no provision is made in the annual accrual amount for

23   future accruals for these vintages. An example of this calculation can be found

24   in the Gannett Fleming report at Page V-34 – Account F03 – Fire Fighting

25   Equipment. In this example there is no provision for future accruals in the

26   annual accrual calculation. As such, an appropriate adjustment is inherent

1   when the annual accrual amount is divided into the future accrual amount to

2   determine the composite remaining life.