

1 Q. Re: Account G02: Please fully explain and justify the selection of an 80R4 life-curve  
2 combination for Account G02 – Gates. The response should specifically address the  
3 curve fit set forth on page IV-80 of Exhibit 1 and why a longer life is not appropriate.  
4 The response should also present the specific steps and corresponding information  
5 and documents relied on to arrive at the proposed life-curve combination. Further,  
6 provide a detailed description of the various assets and corresponding cost of each  
7 asset or major groupings of assets within the account.

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10 A. In the completion of the response to this Request for Information, Gannett Fleming  
11 has noted that an incorrect Iowa curve was provided in the Gannett Fleming report.  
12 A corrected graph of the fit of the Iowa 80-R4 is provided as CA-NLH-84 Attachment  
13 1 to this response.

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15 This account has only a limited amount of retirement history over the 1991 through  
16 2009 observation period. Based on this limited experience, the retirement rate  
17 analysis indicated a life of approximately 80 years. This lack of retirement  
18 experience combined with aged balances that extend back as far as 1967 indicate a  
19 need to extend the previously recommended life estimate of 75 years. The 80-year  
20 life as indicated in the retirement rate analysis was confirmed as being reasonable  
21 by the operations staff.

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23 Review of the peer electric generation companies have indicated that the gates are  
24 normally included in the Reservoirs, Dams and Waterways account with average life  
25 estimates ranging from 70 years to 100 years. As such, the recommended 80-R4 is  
26 within this industry range.

