

1 Q. Re: Account P12: Please fully explain and justify the selection of a 30R3 life-curve  
2 combination for Account P12 – Protective Control & Relay Panels. The response  
3 should specifically address the curve fit set forth on page IV-154 of Exhibit 1 and  
4 why a longer life is not appropriate. The response should also present the specific  
5 steps and corresponding information and documents relied on to arrive at the  
6 proposed life-curve combination.

7

8

9 A. The assets in this account are similar in nature to the assets in account C15 -  
10 Control, Meter/Relaying for which a 30 year life was also used. As such, the  
11 considerations and life analysis as described in response to CA-NLH-74 relating to  
12 the factors considered in the selection of the average service life for account C15  
13 were used as the basis for the average service life estimate for account P12.  
14 However, it was noted that in the circumstances of account P12 there has been  
15 virtually no retirement activity recorded over the observation period. Given that  
16 the majority of investment in this account is less than 20 years old, (Gannett  
17 Fleming study page V-79), it is not surprising that retirement activity has not yet  
18 started. Once retirement activity begins, the observed life table should better  
19 conform to the Iowa 30-R3. It is premature at this time to recommend a life  
20 beyond 30 years. An increased mode Iowa curve of R3 was selected for account  
21 P12 as compared to the Iowa R1 for account C15.