

1 Q. Re: Account R12: Please fully explain and justify the selection of a 55R4 life-curve
2 combination for Account R12 – Right-Of-Ways. The response should specifically
3 address the curve fit set forth on page IV-178 of Exhibit 1 and why a longer life is
4 not appropriate. The response should also present the specific steps and
5 corresponding information and documents relied on to arrive at the proposed life-
6 curve combination.

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9 A. The previously recommended average service life estimate was 45 years. In the
10 development of an appropriate life estimate for the current depreciation study,
11 Gannett Fleming noted that, with the exception of the retirement activity at age
12 27.5 years, which is discussed in response to CA-NLH-116, there is only limited
13 retirement activity. However, given the lack of retirement activity Gannett Fleming
14 views that a significant life extension is appropriate for this account. As such, a 10
15 year life extension (22%) is recommended. Additionally Gannett Fleming
16 recommends the use of the Iowa 55-R4 which does provide recognition to the one
17 significant event in this account. Further explanation of why a life of not longer
18 than 55 years is appropriate and the justification of 55 years is included in the
19 response to CA-NLH-116.