

1 Q. Re: Account R12: Please provide a detailed explanation of the retirement at age  
2 27.5 years for Account R12 – Right-Of-Ways as set forth on page IV-179 of Exhibit 1,  
3 including but not limited to a detailed description of what retired along with  
4 corresponding dollars, the events that resulted in the need for retirement at that  
5 age, documents supporting the transaction, etc. Further, fully justify why such  
6 event should be considered representative of future expectations for the remaining  
7 plant.

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10 A. Details of the retirement at age 27.5 years has been included in CA-NLH-116  
11 Attachment 1. This retirement related to the upgrading of a transmission line and is  
12 in the normal course of business activity. Upgrading of transmission lines is a force  
13 of retirement that is expected to reoccur.

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15 This account did not have sufficient retirement experience for which a life estimate  
16 could be selected on the basis of the retirement rate analysis alone. Gannett  
17 Fleming noted three additional specific facts in the determination of the average  
18 service life recommendation as follows:

- 19 • The average life estimates for peer companies ranges from 36 to 75  
20 years;  
21 • The previously recommended life estimate was 45 years; and  
22 • The operations staff indicated the 45 to 50 year life would be  
23 reasonable.

24 Given the above indications, Gannett Fleming viewed that a life of not longer than  
25 55 years is appropriate, giving recognition to the fact that the 10 year extension  
26 represents a 22% increase in the estimate. Furthermore, neither the operational  
27 interviews nor peer analysis provided any indication that an extension beyond 10

- 1 years is required. Giving consideration to these factors, Gannett Fleming
- 2 recommends the use of the 55-R4 Iowa curve.

Retirements at Ages 27.5 Years for Account R12 - Right-Of-Ways

| New<br>Account | Old<br>Account | Trans Type | Trns<br>Year | Install<br>Year | Original Cost<br>Amount | Age  | Asset<br>Number | Description   |
|----------------|----------------|------------|--------------|-----------------|-------------------------|------|-----------------|---|
|                | 59700          | RETIREMENT | 2001         | 1973            | (286,000)               | 27.5 | 99032019        | Cost For Asset 012896 - Transmission Line Upgrade TL237 |