

1 Q. Re: Account T09: Please fully explain and justify the selection of a 50R3 life-curve
2 combination for Account T09 – Turbines. The response should specifically address
3 the curve fit set forth on page IV-232 of Exhibit 1 and why a longer life is not
4 appropriate. The response should also present the specific steps and corresponding
5 information and documents relied on to arrive at the proposed life-curve
6 combination.

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9 A. The average service life estimate was based predominantly on the review by the
10 operations group and on the peer analysis. While a retirement rate analysis was
11 completed, all retirement activity over the observed period occurred at age 9.5
12 years. While this provides a limited amount of meaningful information, the one
13 instance of retirement is not, on its own, sufficient basis for the life estimate. The
14 Company currently uses a 50-year life estimate for this account, and the operations
15 group agrees that the continued use of a 50-year average service life is appropriate.

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17 Review of the peer group has indicated average service life estimates ranging from
18 25 to 60 years. As such, the recommendations of the operations group to continue
19 use of the 50-year life estimate was within the range used throughout Canada, and
20 therefore recommended for this account.