

1 Q. Revised [Account P03 - Penstock] - Please fully explain, justify and provide all
2 underlying documents in support of the justification and explanation as to why the
3 reserve for Account P03 - Penstock has increased from \$5.5 million in the 2005
4 Gannett Fleming study to a level of \$8,625,533 in the Gannett Fleming 2009
5 depreciation study. Specifically address the fact that the Company has identified a
6 zero level of retirement activity for this account in its experience band of 1967-2009
7 as set forth on page IV-139 of the 2009 depreciation study.

8
9
10 A. Given the nature of Account P03 - Penstock and the age of the assets, zero level of
11 retirement activity is not unusual. In the absence of retirements, it would be
12 expected that the reserve would increase from 2005 to 2009. Also see CA-NLH-161
13 Attachment 1.