1    Q.    [Account P03 - Penstock] - In CA-NLH-96, the Company states that the proposed

2        70R4 Iowa Curve "anticipates very few retirements through this observation

3        period." Please identify the dollar level of retirements anticipated through this

4        observation period based on a 70R4 life-curve combination and the actual dollar

5        level of retirement activity that has occurred during the corresponding period.

6        Further, identify the anticipated retirements that would occur during this

7        observation period if a 90R4 and a 100R4 life-curve combination were assumed.

8        Finally, specifically state all reasons and provide all corresponding support why a

9        90R4 and a 100R4 life-curve combination would not also provide a reasonable fit if

10       not a better fit to the observed life table.

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13    A.    The requested analysis was not completed by Gannett Fleming during the conduct

14       of this study. Completion of this request would require a significant amount of

15       detailed calculations. The retirement ratios for each age interval would need to be

16       applied to the remaining investment as at each installation year and then summed

17       to determine the requested amounts. This process would need to be completed for

18       each of the three life curves requested. Notwithstanding the above, Gannett

19       Fleming confirms that both the 90-R4 and the 100-R4 Iowa curves would anticipate

20       very few retirements through the observation period and also would provide for a

21       reasonable fit. Gannett Fleming notes that in the circumstances where no

22       retirement activity has occurred over an observation period, many average service

23       life and Iowa curve shape combinations would provide an equally good fit to the

24       observed life table. For example, a 50-S6 would also provide an equal or better

25       indication of a fit to the observed life table for this account. As such, in the

26       circumstances of no retirement activity, other factors such as peer analysis and

27       views of the internal operational staff become the primary factors in the selection

1      of the average service life estimate.  However, the indication of a lack of retirement

2      experience at early ages as seen in the observed life table provides an indication of

3      a high mode curve and a longer life estimate.