

1 Q. [Account P03 - Penstock] - Regarding the statement in CA-NLH-96 that at this point
2 in time there is no evidence to suggest that penstocks can be expected to last
3 beyond the ages in accordance with the recommended 70R4 Iowa Curve, please
4 provide all support, justification and corresponding documentation for any position
5 taken that the same statement is not equally or even to a greater extent applicable
6 to either a 90R4 or a 100R4 life-curve combination.

7

8

9 A. The maximum life indication of the recommended Iowa 70-R4 is 107 years. The
10 maximum life indication of the Iowa 90-R4 is 137 years and is 153 years for the Iowa
11 100-R4 curve. As indicated in response to CA-NLH-227 Gannett Fleming did not
12 include any truncation of the Iowa curves through the inclusion of Life Spans in the
13 development of the depreciation rates. As such, the maximum life indications
14 become an important consideration in the Iowa curve selection, given that the
15 recovery of some investment is extended over the period to the maximum life of
16 the account. At this time, there is no indication that a maximum life of greater
17 than 107 years is reasonable; therefore the Iowa 90-R4 and 100-R4 are not
18 considered appropriate. In future studies, if the indications of a lack of retirement
19 experience continue there may be an appropriate reason to extend the life
20 estimates at that time.