Q. [Account P10 - Powerhouse] - Regarding the statement in CA-NLH-109 that most of the investment in powerhouses has occurred in the 1980s and as such, the Company recommended 75R3 life-curve combination would not anticipate retirements as of this time period, please state whether this statement is applicable or even more so applicable to a 90R3 and a 100R3 life-curve combination. To the extent the Company believes that this statement is not as equally or more so applicable to longer average service lives, provide all support, justification and corresponding documentation for such position.

A. Gannett Fleming confirms that both the 90-R3 and the 100-R3 Iowa curves would anticipate very few retirements through the observation period, and also would provide for a reasonable fit. Gannett Fleming notes that in the circumstances where no retirement activity has occurred over an observation period, many average service life and Iowa curve shape combinations would provide an equally good fit to the observed life table. For example, a 50-S6 would also provide an equal or better indication of a fit to the observed life table for this account. As such, in the circumstances of no retirement activity, other factors, such as peer analysis, and views of the internal operational staff become the primary factor in the selection of the average service life estimate. However, the indication of a lack of retirement experience at early ages as seen in the observed life table provides an indication of a high mode curve and a longer life estimate.

As indicated in the response to CA-NLH-109, a number of other factors were considered in the development of the average service life. CA-NLH-109 also discusses the reasons and process used in the development of the Iowa 75-R3

estimate. At the time the study was completed, there was only one indication of a Canadian utility using a life estimate in excess of 75 years for Powerhouses.

Lowa 75-R3 indicates a maximum life of 127 years. The 90-R3 and 100-R3 curves as referenced in this question indicate maximum lives of 152 years and 169 years respectfully. Gannett Fleming considers that given the experience of utilities in Canada, and given the approximately 127 year maximum life indication of the Iowa 75-R3, an Iowa curve estimate providing for a maximum life indication of greater than 150 years is not appropriate.