

1 Q. [Account G03 - Generators] - Please provide all support, justification, and
2 corresponding documentation in support of any opinion or basis that the Company
3 believes its investment in generators is not reasonably represented by a 70S4 life-
4 curve combination in comparison to the Company's proposed 60S4 life-curve
5 combination for Account G03 - Generators.

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8 A. As indicated in response to CA-NLH-86, the generator windings have been
9 componentized out of this account, resulting in a view that this account's life should
10 be extended from the previously studied 50 years to the recommended 60 years,
11 which represents a 20% life extension. Gannett Fleming provided a plot of both the
12 recommended 60-S4 Iowa curve and the 70-S4 against the observed life table as
13 shown in CA-NLH-179 Attachment 1. As indicated in the attachment, the 70-S4 as
14 requested by the Consumer Advocate provides no better fit, and in fact discounts
15 the observed retirement activity at age 27. Furthermore, a life extension to 70
16 years represents a 40% increase, which is not reasonable, given that the 70-year
17 curve is actually a less precise fit to the life table. If the indications of a life
18 extension requirement continue in future studies, an increase in the average life
19 estimate will be more appropriately made at that time.

