

1 Q. [Account R12 -Right of Ways] - Please provide the level of retirement activity that
2 would be expected associated with the various vintage plant balances for Account
3 R12 - Right of Ways based on a 55R4 life-curve combination as proposed by Hydro.
4 To the extent the resulting value exceeds actual reported retirements on page IV-
5 179 of the 2009 Gannett Fleming study, explain and justify why a longer average
6 service life or an average service life with a different dispersion pattern would not
7 be more appropriate than the 55R4 life-curve combination proposed by Hydro.

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10 A. In order to provide the requested information, a significant number of calculations
11 are required. As indicated at page V-90 of the Gannett Fleming depreciation study
12 this account has 38 different install years in service as at December 31, 2009. For
13 each of the 38 install years a separate calculation will need to be made for each of
14 the 19 transaction years that are included in the observation period resulting in
15 over 700 individual calculations. In order to be responsive to this information
16 request, rather than perform over 700 individual calculations, Gannett Fleming
17 acknowledges that the Iowa 55-R4 Iowa would have estimated a significantly
18 increased amount of retirement activity as compared to the actual retirement
19 activity. Gannett Fleming also acknowledges that an Iowa curve of a retirement
20 dispersion of the R4 or greater combined with an average service life estimate of
21 greater than 55 years would result in a lower amount of expected retirements as
22 compared to the Iowa 55-R4 as recommended in this proceeding. This does not
23 however, change Gannet Fleming's recommendation for R12 – Right of Ways.

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25 The reasons for the choice of the Iowa 55-R4 and the reasons for not selecting a life
26 of greater than 55 years are explained in response to CA-NLH- 116.