Q. [Curve Fitting] - Please identify and support the criteria for and the specific weight assigned to the tail or end of a survivor curve in a curve fitting process that recognizes maximum life considerations. Further, specifically respond to the issues as it applies to accounts D01-Dams, F04-Footings, P10-Powerhouses, and R12-Right-Of-Ways.

A. When reviewing the average service life characteristics for a group of plant, the overall pattern of the expected mortality of the plant should be considered. Mr. Kennedy acknowledges that the tail end of the smoothed Iowa curve often represents the retirement characteristics of only a small percentage of the investment in the plant being studied. However, even though it represents only a small percentage of the investment, it is also an indication that a small amount of investment is expected to be surviving at the indicated long life intervals. As such, it is important to consider, that when estimating the average service life characteristics, that the Iowa curve tail is providing some meaningful information.

In the circumstance of the four accounts specifically indentified in this question, the percentage surviving as at the oldest age interval is at least 87 percent. As such, virtually the entire pattern of expected future retirements is estimated. Mr. Kennedy believes that in these circumstances the entire future pattern of the Iowa curves becomes an important consideration in the selection of the curve, including the plant that would be expected to live to or nearly to the maximum life indication. It is through the consideration of the maximum life indication that the analyst can test the reliance on the professional judgment that is required to determine the overall smoothed curve shape.