

1 Q. With reference to Account B02 - Boiler System [page IV-8, Exhibit 1], the stub curve
2 indicates 80% of the investment surviving. Please explain the validity of smoothing
3 a sub curve with such little data.

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6 A. Please refer to CA-NLH-19. The stub curve is largely caused by retirements
7 generally occurring at a very young age, when the amount of plant exposed to
8 retirement is very large. Gannett Fleming views that the retirement activity which
9 totals over \$10 million is statically relevant, particularly when it occurs at a young
10 age. Gannett Fleming also notes that while the curve is stubbed the amount of data
11 is large, which does provide adequate data for statistical analysis.