

1 **NP-IC-4 Exhibit PSL-2. The majority of the asset groupings reviewed by Ms. Lee**
2 **have (i) long life expectancies and (ii) little, if any, recorded retirement**
3 **activity. Please explain in full the statistical significance of the lack of**
4 **retirement activity in asset groups comprised of a small number of large**
5 **assets with long life expectancies.**

6 **RESPONSE:** The hypothetical question is too general and too broad to respond. There are
7 numerous factors not defined within the hypothetical that would impact any
8 response. For example, reference to the small number of items and large
9 individual items does not state whether this relates to size or dollar amount.
10 Addressing all of the potential circumstances is beyond the scope of an
11 appropriate response and not germane to the case and assets at hand.

12 Generally, for a group of items consisting of 1) a small number of items, 2) each
13 item is relatively large dollar value, and where 3) the life expectancy is relatively
14 long, the statistical significance of a lack of retirement activity would depend on
15 the specific nature of the items of property within the group, including but not
16 limited to the period of time for which the retirement activity was observed
17 relative to the life expectancy, accounting practices, etc. For some types of
18 property, partial or interim retirements may be expected, and for others minimal
19 retirement activity may be expected. That said, life analyses for this type of data
20 would result in very long life expectations.

21 Please refer to pages 23 – 37 of Ms. Lee's testimony that address the specific
22 accounts Ms. Lee reviewed and opined the significance of the observed
23 retirement activity, or lack thereof.