

1 Q. [Account D01 - Dams & Dikes] - In CA-NLH-75 at page 2, the Company states that
2 there is no evidence to suggest that earthen dams of the age of the Hydro system
3 can be expected to last beyond the ages in accordance with the recommended
4 100R4 Iowa Curve. At this time, please provide all support and justification including
5 all underlying documentation associated with such support and justification that
6 distinguishes this statement's applicability to a 110- or 120-year average service life
7 compared to a 100-year average service life.

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10 A. The maximum life indication of the Iowa 110-R4 is 168 years and is 183 years for
11 the Iowa 120-R4 curve. In the development of the estimated lives, Gannett Fleming
12 did not include any truncation of the Iowa curves through the inclusion of Life
13 Spans, which is a common depreciation practice for long life accounts. As such, the
14 maximum life indications become an important consideration in the Iowa curve
15 selection, given that the recovery of some investment is extended over the period
16 to the maximum life of the account. At this time, there is no indication that a
17 maximum life of greater than 150 years is reasonable; therefore the Iowa 110-R4
18 and 120-R4 are not considered to be appropriate. In future studies, if the
19 indications of a lack of retirement experience continue, there may be appropriate
20 reason to extend the life estimates at that time.