

1 Q. [Account W01 - Water Regulating Structures] - Please reconcile the selection of a  
2 55S4 life-curve combination for investment in account W01 - Water Regulating  
3 Structures with the fact that no retirement activity has been reported and over \$2.2  
4 million of investment was first placed in service in 1967 with additional millions of  
5 dollars being placed in service through 1983 as referenced on page V-128 of the  
6 2009 Gannett Fleming depreciation study.

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9 A. The Gannett Fleming recommended Iowa 55-S4 curve anticipates very few  
10 retirements through the first 40 years of the asset's life. In fact, at age 40, only  
11 approximately 5% of the investment would be expected to be retired. Therefore,  
12 the original investment installed in 1967, which would be 42 years old by the study  
13 date of 2009, should only be starting to retire. Likewise, the larger investments  
14 made in 1980 and 1983 would be expected to have retired less than 0.2% of the  
15 original costs, and the investment made in 2003 would have \$0 of retirement as at  
16 2009.

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18 Therefore, while it is noted that even the small amount of retirement that would be  
19 expected has not occurred, the comments as noted in response to CA-NLH-150,  
20 that the recommended 55-S4 represents a 10-year life extension (22%) to the  
21 previously recommended 45-year life estimate, and that Gannett Fleming "viewed  
22 that a life of not shorter than 55 years is appropriate" are important considerations.  
23 Additionally, the response to CA-NLH-150 indicates that "in future studies, if this  
24 account continues to exhibit no retirement activity, the average service life  
25 estimate may need to be further extended at that time". Gannett Fleming views  
26 that a life extension is required, and in fact, recommended a 22% increase in the life  
27 estimate. Furthermore, the responses to information requests have clearly

- 1 indicated that this account may need further life extensions at the time of future
- 2 depreciation studies, however, at this time the life and curve recommendation are
- 3 consistent with the lack of historic retirement data.