

1 Q. **Depreciation**

2 Exhibit 11, page 20 of 628. Regarding Account C13, please confirm that the
3 application of a 60-R3 Iowa curve would result in less than 80 percent surviving
4 after age 45, and that the account shows 93.4 percent surviving (Exhibit 11, page
5 111 of 628). Please provide the Iowa curve that meets the least squares best fit
6 along with an updated page 109 of 628.

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9 A. This response has been provided by Concentric Advisors (Concentric).

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11 Confirmed. Concentric uses a Residual Measure (RM) which is the square root of
12 the sum of the square differences. The smallest Residual Measure is 0.71 for an
13 Iowa 180-L0.5. Concentric views that strict reliance on a mathematical fit can
14 produce unrealistic results as detailed here. An Iowa 180-L0.5 would produce a
15 maximum life of 743 years with approximately 25% of retirements occurring from
16 ages 0-100, 35% from ages 100-200, 25% from ages 200-300, and the remaining
17 retirements from ages 300 to the maximum age of 743 years. Concentric views this
18 retirement pattern as an unrealistic expectation. Concentric's life parameter
19 recommendation process is to consider mathematical analyses, visual analyses,
20 peer comparators, company expectations, and to merge all this input with the
21 experience of Concentric for its final recommendations. For this account,
22 Concentric views that it's recommended Iowa 60-R3 considers all of these inputs
23 and is a more realistic expectation. Please refer to IC-NLH-040, Attachment 1.

NEWFOUNDLAND AND LABRADOR HYDRO
ACCOUNT C13 - CONDUCTOR
ORIGINAL AND SMOOTH SURVIVOR CURVES

