

1 Q. **Depreciation**

2 Exhibit 11, page 352 of 628. For account T04 (towers), please provide a full
3 description of the rationale for not extending the life curve given the observed
4 deviance after age 40.

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

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9 Concentric views that the plateau data at age 40 is based on exposures comprising
10 approximately of 15% of the age 0 exposures and that the only retirement after age
11 40 is \$16,000, of a total retirement of \$1,900,000. Concentric views that fitting an
12 lowa curve to the last observed data point is inappropriate and results in a lower
13 ordered lowa curve combined with a longer life. Furthermore, Concentric has
14 considered the total observed data plateau as the recommended lowa 65-R4 does
15 dissect the plateau at approximately its midpoint. In addition, Concentric views the
16 lowa 65-R4 as more appropriate based on the historical data, peer review and on
17 Concentric's experience.