

**The State of New Hampshire
Public Utilities Commission
Concord, NH**

**Public Service Company of New Hampshire
A Subsidiary of Northeast Utilities**

February 28, 2014

Northeast Utilities ("NU or Company") is in the process of upgrading the Company's financial systems. This has presented the Company with the opportunity to review current practices for depreciation for all subsidiaries. Public Service Company of New Hampshire ("PSNH") currently utilizes a depreciation methodology for all accounts, including general plant accounts 391 and 393 through 398, which is unlike the other subsidiary companies that utilize the amortization methodology for general plant accounts. In keeping with common industry practice, and to structure all subsidiaries consistently, the Company seeks to adopt the amortization methodology for general plant accounts 391 and 393 through 398 for PSNH.

The assets in these general plant accounts comprise a very high number of property units but constitute a small percent of the total plant investment. The items in these accounts are relatively inexpensive and, because of their size and mobility, are very difficult to track physically. For example, these accounts include desks, chairs, paving breakers, pipe fusion machines, radios, cafeteria equipment, testing equipment and other similar items. It is difficult to obtain retirement information in a timely manner; therefore, some assets can remain on the books long after they are fully depreciated.

Changing to the amortization of general plant method would negate the need to record actual asset retirements. When the assets for a particular vintage year have been fully amortized, both the asset and the reserve would be removed from the books.

Individual retirements will not have any effect on rate base. At retirement, offsetting entries are booked to debit the Accumulated Depreciation and credit Plant In Service. The amount of net salvage associated with these accounts is minimal. Therefore, the Company proposes that any net salvage be credited to the current year additions, which will reduce depreciation expense.

The accounting methodology proposed for these accounts is to maintain the original cost in total by plant account and vintage year. The undepreciated value of the pre-2014 assets would be amortized over the established amortization period and then retired in total along with the associated depreciation and amortization reserve. Post 2013 assets would be maintained on the books of PSNH for the established amortization period and retired in total at the end of the amortization period.

The Company proposes the amortization period be set at 20 years. This period was derived by taking the weighted average of the current accrual rates of the affected accounts previously approved by the New Hampshire Public Utilities Commission ("the Commission"). The current weighted average accrual rate for these accounts is 4.9%, and when applied to the current plant balances, produces a monthly depreciation expense of \$233,000. Customers would not be negatively impacted by this change because using the recommended 20 year amortization period would change monthly depreciation expense by less than \$5,000. The 'Comparison of Rates Schedule' presented below supports these calculations.

Accordingly, PSNH hereby requests that the Commission authorize this change in accounting treatment from depreciable to amortizable property for its investment in general plant accounts 391 and 393 through 398 effective January 1, 2014.

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Comparison of Rates Schedule

Acct. No.	General Plant	Depreciable Base As of 9/30/13	Present Depreciation Rate	Actual Month Depreciation Expense	Proposed Depreciation Rate	Estimated Month Depreciation Expense	Net Month Change
391	Office Furniture & Equipment	\$15,148,123	4.92%	\$62,107	5.00%	\$63,117	\$1,010
393	Store Equipment	\$2,153,674	4.00%	\$7,179	5.00%	\$8,974	\$1,795
394	Tools & Work Equipment	\$8,830,028	3.70%	\$27,197	5.00%	\$36,792	\$9,595
395	Laboratory Equipment	\$3,660,083	3.56%	\$10,858	5.00%	\$15,250	\$4,392
397	Communications Equipment	\$25,593,886	5.56%	\$118,500	5.00%	\$106,641	(\$11,859)
398	Miscellaneous Equipment	\$1,695,794	5.00%	\$7,058	5.00%	\$7,066	\$8
		\$57,081,588		\$232,899		\$237,840	\$4,941
	Weighted Average Percent		4.90%		5.00%		



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As agent for Public Service Company of New Hampshire