

**STATE OF NEW HAMPSHIRE**

## Inter-Department Communication

DATE: March 25, 2014  
AT (OFFICE): NHPUC

FROM: James J. Cunningham, Jr. *SEM* *JJC*

SUBJECT: DE 14-062 - PSNH Request to Amend Accounting Method for Certain Plant Accounts

TO: Commissioners  
Debra A. Howland, Executive Director

***Background***

On March 3, 2014, Public Service of New Hampshire (PSNH) filed a request to amend its accounting for certain plant accounts. In its request, PSNH indicated that Northeast Utilities 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. PSNH currently utilizes a depreciation methodology for all accounts, including general plant accounts 391 and 393 through 398, which is unlike other subsidiary companies that utilize the amortization methodology for general plant accounts. The Company proposes to adopt the amortization methodology, effective as of January 1, 2014, for general plant accounts 391 and 393 through 398 for PSNH.

***Proposed Amortization:***

As explained in more detail in PSNH's Form E-25 Report of Proposed Changes in Depreciation Rates, the proposed amortization methodology pertains to certain general plant accounts that are generally high volume, low value items such as desks, chairs, tools, cafeteria equipment, testing equipment, and other similar equipment. The amortization methodology will maintain the original cost in total by plant account by vintage year. The unamortized value of the pre-2014 (and post-2013) assets would be amortized over a 20-year period and then retired in total along with the associated amortization and provision accumulated provision for amortization. PSNH proposes that any net salvage be credited to the current year plant additions.

***Analysis and Recommendation***

Staff has reviewed the filing and is supportive of the proposed accounting change, with one modification. Staff recommends that net salvage at retirement be included in Account 421.1 Gain on Disposition of Property, or Account 421.2, Loss on Disposition of Property, as appropriate. Staff's recommendation is based on 18 CFR, Chapter 1, Part 101, Uniform System of Accounts, Account 111, Accumulated Provision for

Amortization of Electric Utility Plant. Staff has discussed this recommendation with PSNH and can report that PSNH agrees to this modification to its proposal.

Please let me know if you have any questions or would like to discuss this issue further.

cc: Suzanne Amidon  
Steve Mullen

**SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED**

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**Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.**

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**FILING INSTRUCTIONS:**

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:**

DEBRA A HOWLAND  
EXECUTIVE DIRECTOR  
NHPUC  
21 S. FRUIT ST, SUITE 10  
CONCORD NH 03301-2429

- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.**
- c) Serve a written copy on each person on the service list not able to receive electronic mail.**