

Witness: William H. Smagula, Robert A. Baumann  
Request from: Office of Consumer Advocate

**Question:**

Please provide any technical and legal basis for the changes in Average Year of Final Retirement of the units noted in TS-02, Q-TECH-003. (Exhibit 7)

**Response:**

With the support of the Generation Group, Technical Accounting initiates periodic technical updates of the depreciation rates for each PSNH Generation Plant. The most recent analysis by Technical Accounting to review the asset balances, current Average Year of Final Retirement (AYFR) and the associated depreciation rates for the fossil and combustion turbine facilities found the majority of the existing AYFR dates to be imminent.

There were no changes to depreciation methodology which would have required prior NHPUC notice and approval. The Technical Updates determine what the depreciation rates must be in order for the plant to be fully recovered at the end of its estimated life.

All of the value changes noted below were the result of a review of the operational usefulness of the generation. This resulted in adjusting values for accounting purposes and the overall impact to depreciation expense was a decrease of \$4.7 million.

The footnote responses noted below are in reference to the data from TS-02, Q-TECH-003 which are repeated here for clarification,

Station	Current Year	Assumed Year	Technical Basis
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1. Wyman	2011	2021	(1)
2. Newington	2014	2039	(2)
3. Lost Nation	2012	2017	(1)
4. MK Jet	2012	2017	(1)
5. Schiller Jet	2012	2017	(1)
6. White Lake	2012	2017	(1)
7. Merrimack	2023	2038	(3)
8. Schiller	2020	2020	No change

**Summary of changes:**

- (1) AYFR's of 2011 and 2012 were determined to be clearly too short with respect to the useful values of these units which continue to provide benefits to the system. A management review did not find 5 years to be unreasonable.
- (2) AYFR was updated consistent with a management review of equipment and recent moderate capacity factors. This value added 25 years to the original book retirement date.
- (3) AYFR was updated recognizing the installation of scrubber technology at the facility. The scrubber is expected to be depreciated over 25 years from the statutory in-service date of July 2013. The remaining asset was aligned with this duration and is consistent with the condition of the equipment at the facility.