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Witness: David L. Gladey, Brendan J. O'Brien, Garrett J. Murray, Marisa B. Paruta, Leanne M. Landry and Jeffrey D. Turano
Request from: Office of Consumer Counsel

Question:

Refer to Exhibit CLP-TSP-1 at p. 39 to 71, section IV – Roadmap of the 5-Year TSP plan. State whether any asset placed in service during 2017 through 2025 and included in the recovery request at page 45 of Exhibit CLP-ADDITIONS-1 is scheduled for replacement, upgrade or removal under that plan, with the amount in rate base, the remaining book life, and the reason.

Response:

The Company does not anticipate or intend to proactively replace recently installed equipment prior to the end of its useful life. When an asset is replaced, the Company designs and installs the replacement equipment in accordance with the design standards and requirements applicable at the time.

Any future replacement decision would be evaluated based on the circumstances existing at the time, including applicable design standards, asset condition, reliability considerations, safety requirements, and other relevant factors. While it is possible that a change in standards or other circumstances could result in replacement of an asset before the end of its useful life, the Company expects such instances to be limited.

Please refer to OCC-793[i] regarding the remaining book life for when assets are replaced.

Prior Referenced Response:

[i] OCC-793 Question:

Refer to Exhibit CLP-ADDITIONS-1, p. 45. Approximately $4.3 billion of capital additions has been placed in service since January 1, 2017. Identify all such additions retired, abandoned or written off before the end of their depreciable life, with the in-service and retirement dates, the original cost, the amount remaining in rate base, and the reason.

OCC-793 Response:

Please refer to OCC-793, Attachment 1, for all additions of specific property since January 1, 2017 that were retired before the end of their depreciable life including in-service and retirement dates, original cost, amounts remaining in rate base and the reason for retirement.

Retirements of specific property are generally recorded at the full value of the individual asset, whereas mass property retirements are accounted for using the applicable mass property retirement methodology. In some cases, specific property asset retirements are partial, or trended. This occurs when the original asset record includes units of property not separately unitized at the time of installation. When the original cost of the retired asset cannot be specifically identified, the Company utilizes the Handy-Whitman index to trend the replacement cost back to the original installation year to estimate its historical cost. The estimated amount is then retired from the existing asset and charged to the accumulated depreciation account. This process ensures that the cost of the replacement is removed from utility plant while the remaining portion of the original asset continues to be reflected in plant in service.

CL&P predominantly utilizes the Broad Group Procedure to depreciate utility property. Under the Broad Group Procedure, homogenous assets are grouped together and depreciated under a single average service life. When an asset within the group is retired, the asset is considered fully accrued, regardless of the asset's actual service life, and accumulated depreciation is debited for the full book cost of the asset. If an asset is retired prior to the average service life, any impact to depreciation expense will be recovered over time by assets that exceed the average service life of the group. The asset retirement dispersion is analyzed in future depreciation studies when creating an updated, proposed average service life and accompanying accrual rate.