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Witness: Leanne M. Landry, Jeffrey D. Turano and Marisa B. Paruta
Request from: Office of Consumer Counsel

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.

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.