

1 Q. On page 29 of the 1998 depreciation study report KPMG states, "NLH may
2 consider coding its unit of property in such a manner that it will be easy to
3 determine the number of like units and their total acquisition costs, by
4 installation year, or in total. The coding would make it possible to compare
5 the actual service lives of the assets with their assigned service lives on a
6 statistical basis".

7

8 Many electric power utilities use a coding system defined as a Uniform
9 System of Accounts, which identifies a particular type of asset (e.g., current
10 transformer, compressor, control cable, etc.). Such coding facilitates the
11 statistical analyses required for a variety of purposes, and makes it possible
12 to check accounting practices on a continual basis.

13

14 Has Hydro implemented KPMG's recommendations stated on page 29 of the
15 1998 depreciation study report regarding property accounting practices?

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17 A. No. Hydro, in its new Fixed Asset system, has in excess of 35,000 units of
18 property records that identify its Fixed Assets by company, system,
19 classification, function, customer and location. These identifications are
20 achieved by attaching the above information fields to each individual asset
21 number. Hydro has determined that these identification fields, combined with
22 the expanded reporting capabilities, are adequate to meet our "analyses"
23 requirements.