

1 **Q. [Account 379.1] – In response to CA-NP-084, no reference is made to the basis for**
2 **establishing the amortization period for Account 379.1 – Computer Hardware. At**
3 **this time, provide all support and justification for the assumed 5SQ life-curve**
4 **combination for computer hardware. The response should specifically address the**
5 **fact that the Gannett Fleming Study identifies \$1.4 million of investment in Account**
6 **379.1 associated with plant placed in serve in 2005 as noted on page C-107 of the**
7 **Gannett Fleming Study.**

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9 **A.** The five year amortization period for Account 379.1 – Computer Hardware has been
10 approved for Newfoundland Power since the 1995 Depreciation Study. A five year
11 amortization period for this type of property is consistent with Newfoundland Power's
12 expectations for computer hardware. It is also consistent with the experience of other
13 utilities, and is used by the vast majority of utilities in Canada and the United States.

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15 Under amortization accounting, assets are retired once they reach the end of the
16 amortization period. It is expected that any assets outside of the amortization period will
17 be retired. The \$1.4 million of investment placed in service in 2005 became fully
18 amortized in 2010 upon reaching age 5 as noted on page C-107. The entire amount
19 related to vintage 2005 of \$1.4 million was retired in 2011.