

SUEZ WATER RHODE ISLAND, INC.
Docket No. 4800
Eighth Set of Data Requests of the
Division of Public Utilities and Carriers
May 4, 2018

8-1
(Spanos)

8-1 Please explain the following differences between the retirements shown in “Part VIII. Net Salvage Statistics” of SWRI Exhibit JJS-1 and the service life data file provided in the Excel file “DPUC 4-5 Service Life” in response to DPUC 4-5:

- (a) For Account 304.1 through 304.5, Structures and Improvements, page VIII-2 of SWRI Exhibit JJS-1 shows \$0 retirements in the year 2016. However, the service life data file provided in the Excel file “DPUC 4-5 Service Life” shows \$39,562 in retirements in the year 2016. Please explain why the \$39,562 in retirements in the year 2016 provided in the service life data is not included in the historic book net salvage included in the Depreciation Study.
- (b) For Account 307, Wells and Springs, page VIII-3 of SWRI Exhibit JJS-1 shows \$0 retirements in the year 2016. However, the service life data file provided in the Excel file “DPUC 4-5 Service Life” shows \$38,963 in retirements in the year 2016. Please explain why the \$38,963 in retirements in the year 2016 provided in the service life data is not included in the historic book net salvage included in the Depreciation Study.
- (c) For Account 311, Pumping Equipment, page VIII-4 of SWRI Exhibit JJS-1 shows \$21,465 retirements in the year 2016. However, the service life data file provided in the Excel file “DPUC 4-5 Service Life” shows \$60,887 in retirements in the year 2016. Please explain why the total retirements in the year 2016 provided in the service life data are not included in the historic book net salvage included in the Depreciation Study.
- (d) For Account 320, Water Treatment Equipment, page VIII-5 of SWRI Exhibit JJS-1 shows \$750 retirements in the year 2016. However, the service life data file provided in the Excel file “DPUC 4-5 Service Life” shows \$12,186 in retirements in the year 2016. Please explain why the total retirements in the year 2016 provided in the service life data are not included in the historic book net salvage included in the Depreciation Study.
- (e) For Account 330, Distribution Reservoirs and Standpipes, page VIII-6 of SWRI Exhibit JJS-1 shows \$0 retirements in the year 2016. However, the service life data file provided in the Excel file “DPUC 4-5 Service Life” shows \$7,471 in retirements in the year 2016. Please explain why the \$7,471 in retirements in the year 2016 provided in the service life data is not included in the historic book net salvage included in the Depreciation Study.
- (f) For Account 339.2, Miscellaneous Intangible Plant-Other Equipment, page VIII-11 of SWRI Exhibit JJS-1 shows \$0 retirements in the year 2016. However, the service life data file provided in the Excel file “DPUC 4-5 Service Life” shows \$810 in retirements in the year 2016. Please explain why the \$810 in retirements in the year 2016 provided in the service life data is not included in the historic book net salvage included in the Depreciation Study.

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- (g) Please provide the historic book salvage pages using the retirement amounts for 2016 that are included in the Excel file “DPUC 4-5 Service Life.”
- (h) Does the use of the retirement amounts for 2016 that are included in the Excel file “DPUC 4-5 Service Life” in the historic book salvage change the proposed future net salvage percents shown on pages VI-5 to VI-6 of the Depreciation Study (SWRI Exhibit JJS-1)? If so, please provide the revised depreciation rates in a table similar to pages VI-5 to VI-6 of the Depreciation Study. If not, please explain why not.

Response:

- a-f) The difference in retirements for 2016 between Part VIII, Net Salvage Statistics, of SWRI Exhibit JJS-1 and the service life data provided in the Excel file “DPUC4-5ServiceLife” in response to DPUC 4-5 relate to assets that were identified as being retired but had not been recorded on the books as of December 31, 2016. These were assets that had been replaced within the last five years and identified during the conduct of the depreciation study. Since the retirement had not been identified, there had not been any associated cost of removal or salvage recorded. Therefore, it was not appropriate in the net salvage analyses to show only retirements without the corresponding cost of removal and salvage.
- g) The attached file, DPUC-8-1g.docx, sets forth the net salvage statistics including the additional 2016 retirement amounts. There is no corresponding cost of removal and gross salvage shown for these entries.
- h) As discussed in Part IV, Net Salvage Considerations, of SWRI Exhibit JJS-1, the net salvage estimates were based primarily on judgment. The statistical analyses was only one of the factors and with limited data to analyze for most accounts, the statistical analyses was not a strong indicator. Therefore, the inclusion of the additional 2016 retirements does not change the proposed future net salvage percentages shown on pages VI-5 and VI-6 of the Depreciation Study.

SUEZ WATER RHODE ISLAND

ACCOUNTS 304.1 THROUGH 304.5 STRUCTURES AND IMPROVEMENTS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
2009	5,837		0		0		0
2010							
2011							
2012							
2013							
2014	3,967		0		0		0
2015	4,068		0		0		0
2016	39,562		0		0		0
TOTAL	53,434		0		0		0

THREE-YEAR MOVING AVERAGES

09-11	1,946		0		0		0
10-12							
11-13							
12-14	1,322		0		0		0
13-15	2,678		0		0		0
14-16	15,866		0		0		0

FIVE-YEAR AVERAGE

12-16	9,519		0		0		0
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SUEZ WATER RHODE ISLAND
ACCOUNT 307 WELLS AND SPRINGS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
2013	4,250		0		0		0
2014	10,000		0		0		0
2015	57,577		0		0		0
2016	38,963		0		0		0
TOTAL	110,790		0		0		0
THREE-YEAR MOVING AVERAGES							
13-15	23,942		0		0		0
14-16	35,513		0		0		0

SUEZ WATER RHODE ISLAND
ACCOUNT 311 PUMPING EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
2012	8,000		0		0		0
2013	15,029		0		0		0
2014	15,380	3,244	21		0	3,244-	21-
2015	16,683		0		0		0
2016	60,887	1,124	2		0	1,124-	2-
TOTAL	115,979	4,368	4		0	4,368-	4-

THREE-YEAR MOVING AVERAGES

12-14	12,803	1,081	8		0	1,081-	8-
13-15	15,697	1,081	7		0	1,081-	7-
14-16	30,983	1,456	5		0	1,456-	5-

FIVE-YEAR AVERAGE

12-16	23,196	874	4		0	874-	4-
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SUEZ WATER RHODE ISLAND
ACCOUNT 320 WATER TREATMENT EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
2009	2,500		0		0		0
2010							
2011	2,838		0		0		0
2012	8,867		0		0		0
2013	5,167		0		0		0
2014	3,000		0		0		0
2015	3,080		0		0		0
2016	12,186	1	0		0	1-	0
TOTAL	37,638	1	0		0	1-	0

THREE-YEAR MOVING AVERAGES

09-11	1,779		0		0		0
10-12	3,901		0		0		0
11-13	5,624		0		0		0
12-14	5,678		0		0		0
13-15	3,749		0		0		0
14-16	6,089		0		0		0

FIVE-YEAR AVERAGE

12-16	6,460		0		0		0
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SUEZ WATER RHODE ISLAND

ACCOUNT 330 DISTRIBUTION RESERVOIRS AND STANDPIPES

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
2009	1,500		0		0		0
2010							
2011	8,485		0		0		0
2012	27,535		0		0		0
2013	101,305	19,500	19		0	19,500-	19-
2014		75,000				75,000-	
2015	5,961		0		0		0
2016	7,471		0		0		0
TOTAL	152,258	94,500	62		0	94,500-	62-

THREE-YEAR MOVING AVERAGES

09-11	3,328		0		0		0
10-12	12,007		0		0		0
11-13	45,775	6,500	14		0	6,500-	14-
12-14	42,947	31,500	73		0	31,500-	73-
13-15	35,755	31,500	88		0	31,500-	88-
14-16	4,477	25,000	558		0	25,000-	558-

FIVE-YEAR AVERAGE

12-16	28,454	18,900	66		0	18,900-	66-
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SUEZ WATER RHODE ISLAND

ACCOUNT 331 MAINS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
2007	250		0		0		0
2008	200		0		0		0
2009							
2010							
2011							
2012							
2013	8,524		0		0		0
2014	2,991		0		0		0
2015	800	2,980	372		0	2,980-	372-
2016	2,637	4,406	167		0	4,406-	167-
TOTAL	15,402	7,386	48		0	7,386-	48-

THREE-YEAR MOVING AVERAGES

07-09	150		0		0		0
08-10	67		0		0		0
09-11							
10-12							
11-13	2,841		0		0		0
12-14	3,838		0		0		0
13-15	4,105	993	24		0	993-	24-
14-16	2,143	2,462	115		0	2,462-	115-

FIVE-YEAR AVERAGE

12-16	2,990	1,477	49		0	1,477-	49-
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SUEZ WATER RHODE ISLAND

ACCOUNT 333 SERVICES

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
2005	2,400		0		0		0
2006							
2007	3,220		0		0		0
2008	1,625		0		0		0
2009	200		0		0		0
2010	775		0		0		0
2011							
2012							
2013							
2014							
2015	130	707	544-		0	707	544
2016	6,149	7,002	114		0	7,002-	114-
TOTAL	14,499	6,294	43		0	6,294-	43-

THREE-YEAR MOVING AVERAGES

05-07	1,873		0		0		0
06-08	1,615		0		0		0
07-09	1,682		0		0		0
08-10	867		0		0		0
09-11	325		0		0		0
10-12	258		0		0		0
11-13							
12-14							
13-15	43	236	544-		0	236	544
14-16	2,093	2,098	100		0	2,098-	100-

FIVE-YEAR AVERAGE

12-16	1,256	1,259	100		0	1,259-	100-
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SUEZ WATER RHODE ISLAND

ACCOUNT 334 METER AND METER INSTALLATIONS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
2005	3,177	46	1		0	46-	1-
2006							
2007	28,151		0		0		0
2008	7,065		0		0		0
2009	6,160		0		0		0
2010	6,240	46-	1-	1,638	26	1,684	27
2011							
2012							
2013				3,246		3,246	
2014	98,408		0		0		0
2015	69,787	8	0		0	8-	0
2016	96,052	1,441	2		0	1,441-	2-
TOTAL	315,040	1,449	0	4,884	2	3,435	1

THREE-YEAR MOVING AVERAGES

05-07	10,443	15	0		0	15-	0
06-08	11,739		0		0		0
07-09	13,792		0		0		0
08-10	6,488	15-	0	546	8	561	9
09-11	4,133	15-	0	546	13	561	14
10-12	2,080	15-	1-	546	26	561	27
11-13				1,082		1,082	
12-14	32,803		0	1,082	3	1,082	3
13-15	56,065	3	0	1,082	2	1,079	2
14-16	88,082	483	1		0	483-	1-

FIVE-YEAR AVERAGE

12-16	52,849	290	1	649	1	359	1
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SUEZ WATER RHODE ISLAND

ACCOUNT 335 HYDRANTS

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
2007	1,050		0		0		0
2008	3,115		0		0		0
2009	750		0		0		0
2010	1,350		0		0		0
2011	2,275		0		0		0
2012	3,925		0		0		0
2013				4,534		4,534	
2014							
2015	500		0		0		0
2016	2,446	7,060	289		0	7,060-	289-
TOTAL	15,411	7,060	46	4,534	29	2,526-	16-

THREE-YEAR MOVING AVERAGES

07-09	1,638		0		0		0
08-10	1,738		0		0		0
09-11	1,458		0		0		0
10-12	2,517		0		0		0
11-13	2,067		0	1,511	73	1,511	73
12-14	1,308		0	1,511	116	1,511	116
13-15	167		0	1,511	907	1,511	907
14-16	982	2,353	240		0	2,353-	240-

FIVE-YEAR AVERAGE

12-16	1,374	1,412	103	907	66	505-	37-
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SUEZ WATER RHODE ISLAND

ACCOUNT 339.2 MISCELLANEOUS INTANGIBLE PLANT - OTHER EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
2013	4,250		0		0		0
2014							
2015							
2016	810		0		0		0
TOTAL	5,060		0		0		0
THREE-YEAR MOVING AVERAGES							
13-15	1,417		0		0		0
14-16	270		0		0		0

SUEZ WATER RHODE ISLAND
ACCOUNT 341 TRANSPORTATION EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL		GROSS SALVAGE		NET SALVAGE	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
2009	24,910		0		0		0
2010							
2011							
2012							
2013							
2014							
2015							
2016							
TOTAL	24,910		0		0		0
THREE-YEAR MOVING AVERAGES							
09-11	8,303		0		0		0
10-12							
11-13							
12-14							
13-15							
14-16							
FIVE-YEAR AVERAGE							
12-16							

SUEZ WATER RHODE ISLAND
ACCOUNT 345 POWER OPERATED EQUIPMENT

SUMMARY OF BOOK SALVAGE

YEAR	REGULAR RETIREMENTS	COST OF REMOVAL AMOUNT	PCT	GROSS SALVAGE AMOUNT	PCT	NET SALVAGE AMOUNT	PCT
2009	51,951		0		0		0
2010							
2011							
2012							
2013							
2014							
2015							
2016							
TOTAL	51,951		0		0		0
THREE-YEAR MOVING AVERAGES							
09-11	17,317		0		0		0
10-12							
11-13							
12-14							
13-15							
14-16							
FIVE-YEAR AVERAGE							
12-16							