

Depreciation is computed on FERC primary account average monthly balances. The amount of depreciation is credited to the accumulated provision for depreciation primary account balances which are maintained on NSP's accounting records. Therefore, no allocation to functional groups is necessary. However, allocations are necessary within common utility plant accumulated provision for depreciation. Common utility plant accumulated provision for depreciation is maintained in total. The total must be allocated to each utility department. The allocations are determined on the basis of studies that consider customers, revenues, plant, and agreed-upon allocations between electric and gas utility departments.