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April 30, 2025

BY E-PORTAL

Mr. Adam Teitzman, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Docket No. 20250035-GU – Petition for approval of 2025 depreciation study and for approval to amortize reserve imbalance, by Florida City Gas.

Dear Mr. Teitzman:

Enclosed for filing, please find Florida City Gas's Responses to Staff's First Set of Data Requests.

As always, thank you for your assistance in connection with this filing. If you have any questions whatsoever, please do not hesitate to let me know.

Sincerely,

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CC:// (certificate of service)

Docket No. 20250035-GU: Petition for approval of 2025 depreciation study and for approval to amortize reserve imbalance, by Florida City Gas.

Florida City Gas's Responses to Staff's First Data Requests

1. **Please refer to page 2 of Florida City Gas's Response In Opposition To Citizen's Motion To Hold Proceedings In Abeyance (Abeyance Response). Referring to the current depreciation study, Florida City Gas (FCG or Company) states, "The depreciation expert responsible for this Study has made the appropriate adjustments to accounts and service lives consistent with depreciation studies submitted for other entities under the Chesapeake Utilities Corporation corporate umbrella, both here in Florida and in other states."**

   a. **Please identify the depreciation expert referenced who prepared FCG's 2025 Depreciation Study. Please also include the depreciation experts' previous work experience preparing gas utility depreciation studies.**
   b. **Please list all entities under the Chesapeake umbrella that were utilized to develop the adjustments to accounts and service lives in FCG's 2025 Depreciation Study.**
   c. **Explain what is meant in this FCG statement by "consistent" and "appropriate" adjustments to accounts and service lives between the FCG study in this case and depreciation studies performed for other Chesapeake entities.**

Company Response:

a. The depreciation expert who prepared FCG's 2025 Study is Patricia Lee. Her Curriculum Vitae and List of Utility Proceedings in which she participated or provided testimony are attached as Response 1-1a.

b. For all account activity adjustments, only FCG records were used as detailed in the depreciation study workbook. As discussed on page 21 of the 2025 Depreciation Study, CUC is seeking to adopt uniform amortization periods for amortizable general plant accounts across all business units. These are based on judgement and have been approved by the respective state regulatory commissions in the most recent depreciation studies for CUC Florida Public Utilities Company's consolidated natural gas divisions and CUC-Maryland. These same amortization periods have been proposed for CUC-Delaware in its 2024 Depreciation Study. For all other accounts, the analysis began with the average

service life and curve shape underlying the currently approved average remaining life. A review of the retirement data since that time, discussions with Company personnel, judgement, as well as consideration of the average service lives of other Florida gas companies were considered in determining whether the existing life/curve shape needs adjusting.

c. In conducting the 2025 depreciation rate review, CUC utilized the same methodology previously applied to FPUC-Natural Gas depreciation studies, which encompasses a review of the books, asking operational and accounting questions, and adjusting the specific entity's data as necessary. Additionally, given that FCG has a similar operating and regulatory environment as other Florida gas utilities, comparisons of the average service lives underlying the currently Commission approved average remaining lives and net salvage factors are considered. The proposed average remaining lives for each account are based on the average age of FCG's assets and curve shapes that are indicative of the expected retirement pattern.

2. FCG's 2025 Depreciation Study Narrative, at Page 3, states, "The retirement rate for many FCG accounts is minimal, rendering statistical analysis results meaningless for life or salvage projections. These factors make it necessary to rely on prescribed life and salvage factors of other gas companies." FCG's most recent base rate case (Dkt.20220069-GU), Gannett Fleming Valuation and Rate Consultants, LLC prepared a depreciation study (2022 Depreciation Study) for FCG's gas plant as of December 31, 2022 using FCG's own assets, based on recorded plant transactions from 2005 through 2020 (witness Allis direct testimony, page 14, lines 21-22).

a. Please refer to FCG's 2022 Depreciation Study, Exhibit NWA-1, pages 52-104, which contains retirement data and statistics used to determine average service lives and Iowa curve shapes for each account. Similarly, did FCG consider placement/experience bands in its 2025 Depreciation Study to determine the appropriate Iowa Curve for the accounts with low retirements? If not, please explain why not.

b. In FCG's 2022 Depreciation Study, Exhibit NWA-1, page 15, FCG witness Allis stated that FCG maintains aged accounting data allowing use of the retirement rate method. Please identify the reasons witness Allis could perform the statistical life analysis with existing retirement rates using FCG's own assets in the Company's

2022 Depreciation Study but FCG states it cannot do so now in the instant case. Please provide examples.

c. Please explain why FCG elected not to perform its life analysis for all accounts based on the retirement activity of FCG's own assets in the instant case given that FCG maintains aged accounting data.

Company Response:

a. FCG did not consider placement/experience bands for curve shape consideration. FCG reviewed the average service life/curve shape combination underlying the currently prescribed average remaining life for each account along with account activity since the last study as well as company input, and, based upon her extensive depreciation in this field, Ms. Lee determined there is a need to revise life projections. [1]

b. FCG did not state statistical analysis could not be perform with existing mortality and salvage data. In addition to the company's data, determining the average service life and net salvage of assets also requires judgment and an understanding of FCG's operations and capital planning. Rule 25-7.045(5), F.A.C details the required information for a depreciation study and doesn't state any specific method to project life and salvage factors.

c. FCG did base its life and salvage proposals on its own assets. All schedules in the FCG depreciation study workbook are based on FCG's assets as of December 21, 2024. Statistical analyses will only, at best, indicate how the plant has lived in the past. In estimating future forward looking lives, historical indications must be tempered with future life projections based on Company input as well as other company views. The 2022 Study reflected plant investment and reserve as of January 1, 2023 with the 2022 activity (additions, retirements, adjustments/transfers, and salvage) being projected. The 2025 Depreciation Study reflects actual 2022 through 2024 data. Ms. Lee did review the statistical analyses provided in the 2022 Gannett Fleming Depreciation Study and did not believe conducting additional statistical analysis of history was necessary. The 2025

[1] Ms. Lee recognizes that FCG's 2022 Commission approved depreciation rates are the subject of review by the Florida Supreme Court. However, the Court has not issued a stay of the Commission approved rates, thus they are considered to be those currently in effect.

Depreciation Study does, however, provide historical retirement rates for each account. Additionally, the 2022 Commission approved depreciation rates, while dependent on the average service lives of another company, reflect approved average remaining lives based on the then-average ages of FCG account investments.

3. Please refer to Florida PSC Rule 25-7.045, subsection 5(h), which states:

"The mortality and salvage data used by the company in the depreciation rate design must agree with activity booked by the utility."
Please explain whether FCG believes that this rule requires FCG's calculation of its proposed average service lives and net salvage for all accounts to be based upon activity booked by the utility, including retirements, and whether the utility's 2025 Depreciation Study is in compliance with the rule. As an example, please show how Account 3762- Mains-Steel complies with the rule.

Company Response:

Rule 25-7.045, 5(h), also states that "Unusual transactions not included in life or salvage studies, e.g., sales or extraordinary retirements, must be specifically enumerated and explained."

Yes, FCG's life and salvage proposals do comply with Florida PSC Rule 25-7.045, subsection 5(h). Please refer to the Account Analysis and Proposals section of the 2025 Depreciation Study Narrative for each account as well as the study workbook schedules. All data contained in the workbook schedules are FCG-specific and is the basis of the 2025 Study. The starting point for this study is the currently prescribed life and salvage factors from the 2022 proceeding.

The FCG 2022 submitted depreciation study was conducted by Florida Power & Light Company, prior to the sale of FCG to Chesapeake in December 2023. Florida Power & Light Company's depreciation consultant in the 2022 case testified that the alternate lives and curve shapes proposed were in the range of reasonableness noting that there can be and often are differing interpretations. Statistical analysis, at best, only shows how the plant has lived in the past. Depreciation rates should be designed on how the future will look and

there can be many interpretations of that.

FCG refers to pages 12 and 13 of the 2025 Study Narrative for specifics with respect to the proposed life and salvage proposals for Account 3762: Mains-Steel. The average service life underlying the currently Commission-prescribed average remaining life is 65 years with an R1.5 curve shape. This is the starting point of the review. The retirement rate for the 2004-2024 period averaged 0.26% with the most recent 2021-2024 period averaging 0.49%. Retirement activity averaging less than 1% means that results of any statistical analysis is meaningless. This makes reliance of the life and salvage expectations of other Florida utilities necessary. The scant retirement data is, however, indicative of a higher mode curve. The average age of FCG's plant for steel mains is 21.5 years. (See Sch J of the 2025 Depreciation Study workbook) The 65-year R1.5 life table underlying the currently prescribed average remaining life, indicates survivors at age 21.5 years of 92.067%. On the other hand, the proposed 65-year R4 life table indicates 99.62% surviving at age 21.5 years. The R4 curve shape is more indicative of the expected pattern of retirements for steel mains. The age of FCG's plant as of December 31, 2024, taken with an average service life based on history, Company input, and expectations of other Florida companies and a curve shape that depicts how the plant is living or expected to live, results in the average remaining life proposed. Life tables for R1.5/65 years and R4/65 year are included as Response 1-3.

4. **In FCG's 2025 Depreciation Study Narrative, Page 1, FCG states, "Depreciation rates should be revised when the need arises. A review of the January 1, 2025 plant investments, reserve, and account activity data indicate there is a need to revise rates now." Please elaborate on what was discovered in FCG's review of plant investment, reserve, and account activity that necessitated the need for revised rates.**

Company Response:

In 2022, when the last study was conducted, FCG was owned by FPL. The 2023 purchase of FCG by Chesapeake is a major change since the last case. The data for 2022 was projected in the previous case with actual 2022-2024 data used in this instant case. Investment has grown 14% since the last depreciation review with the reserve decreasing 3%. (2025 Depreciation Study Workbook, Sch. E compared to Document No. 03282-2022, Exhibit NWA-1, page 49 of 179) Moreover, FCG is now operating in a different corporate environment, using the same operational and accounting procedures as other Chesapeake business units. They are no longer moving forward with certain capital projects that were discussed in the 2022 Gannett Fleming Study.

5. **Please refer to FCG's 2025 Depreciation Study Narrative, Page 12, Account 3761: Mains - Plastic. FCG proposes a (30)% net salvage factor in the instant case, an increase from the currently approved (33)% net salvage factor. FCG states the 2004-2024 average net salvage factor for the account is (70)%, while the most recent 2021-2024 period averaged (30)%. In FCG's 2022 Depreciation Study, FCG witness Allis recommended a (60)% net salvage factor for the account (Exhibit NWA-1, Page 157 of 179). Please explain the reason(s) why FCG elected to give more credence to the short-term net salvage trend ((30)%) verses the longer term trend ((70)%) and the previous recommendation of witness Allis ((60)%).**

Company Response:

While Mr. Allis recommended a (60)% net salvage for Account 3761, Plastic Mains, in the depreciation study he submitted, the Commission ultimately approved a net salvage factor of (33)%. Page 12 of the 2025 Depreciation Study Narrative discusses that Plastic Mains have experienced a retirement rate averaging less than 1% for the recent 2021-2024 period

as well as for the historical 2004-2024 period. As also noted for the life discussion, such retirement data is insufficient to rely on in making future salvage projections. To expect that the remaining account investment is likely to experience similar net salvage to that experienced by such historic miniscule retirements, Ms. Lee believes is not appropriate. Other gas utilities in Florida have Commission-approved net salvage factors ranging from (25)% to (30)%, averaging (31)%. The existing (60)% net salvage is outside this range of reasonableness. Additionally, as shown on Sch Q of the 2025 Study Workbook, negative net salvage is trending less negative. Mr. Allis interpreted the historical salvage data he reviewed in 2022 as supporting a more negative net salvage estimate from the then approved (40)% net salvage. With additional data now available, negative net salvage continues to be less negative and there is no indication this will not continue. Thus, given updated information and applying her expertise and experience, Ms. Lee reached a different conclusion than did Mr. Allis.

6. **Please refer to FCG's 2025 Depreciation Study Narrative, Pages 12-13, Account 3762: Mains - Steel. FCG proposes a (40)% net salvage factor in the instant case, an increase from the currently approved (50)% net salvage factor. FCG claims the reason behind this proposed increase is that removal costs "... should continue to decrease ... " FCG states that the 2004-2024 average net salvage for the account is (146)% and the most recent 2021-2024 period averaged (64)% which is consistent with FCG's 2022 Depreciation Study, in which FCG witness Allis recommended a (75)% net salvage for the account (Exhibit NWA-1, Page 155-156 of 179). Please provide:**

   a. **The rationale behind FCG's claim that removal costs should continue to decrease.**
   b. **Summary support, as well as any additional documentation (e.g. industry reviews) FCG relied upon in its answer to 6.a. above.**
   c. **Calculations, if any, supporting FCG's proposed (40)% net salvage estimate.**
   d. **An explanation for why there exists a 35% difference in the net salvage estimates for this account between FCG's 2022 and 2025 Depreciation studies, despite less than 3 years of elapsed time between studies.**

Company Response:

a. Please refer to pages 12 and 13 of the 2025 Depreciation Study for an analysis of the life and salvage expectations for the Steel Mains account. As can be seen on Sch Q of the Study

Workbook, negative net salvage has been trending less negative from (158)% over the last 10 years to (73)% over the last 5 years, and steadily decreasing since 2021. Given the lack of retirement experience averaging less than 1% since 2004, reliance on net salvage projections of other Florida gas utilities is necessary. Attachment Response 1-12 reflects the average net salvage factors for other Florida utilities ranging from (30)% to (60)%, averaging (31)%.

b. See response to 6a.

c. There were no calculations performed. Instead, Ms. Lee relied on the range of net salvage projections of other Florida gas utilities, discussions with company personnel, and professional judgement based on Ms. Lee's over 35 years' depreciation experience.

d. The difference in net salvage estimates is due to recent data as well as the experience of Ms. Lee. It is not uncommon to rely on recent activity in estimating the future expectations. In addition, the 2022 study was based on a projected test year while the 2025 Study is based on actual FCG-specific plant and reserve balances at December 31, 2024.

7. **Please refer to FCG's 2025 Depreciation Study Narrative, Page 15, Account 3801: Services - Plastic. FCG proposes (40)% net salvage factor in the instant case, an increase from the currently approved (68)% net salvage factor. FCG claims the reason behind this proposed increase is "easier accessibility to the retired service as well as projections from other Florida gas utilities." However, FCG states the 2004-2024 average net salvage factor for the account is (398)% and the most recent 2021-2024 period averaging (132)%. In addition, in FCG's 2022 Depreciation Study, FCG witness Allis recommended a (60)% net salvage factor for the account (Exhibit NWA-1, Page 162 of 179). Please provide:**

   a. **An explanation of how the retired services are more easily accessible now compared to the past.**
   b. **Summary support, as well as any additional documentation (e.g. industry reviews) FCG relied upon in its answer to 7.a. above.**
   c. **Calculations, if any, supporting FCG's proposed (40)% net salvage estimate.**
   d. **An explanation for why FCG is recommending an increase to the approved (68)% net salvage factor given the (132)% average net salvage factor experienced over the 2021-2024 period and (398)% average net salvage factor experienced over the 2004- 2024 period.**

Company Response:

a. Services are being relocated to the front of the customer's property making them easier to access therefore, on retirement, less labor intensive to cut and cap.

b. Ms. Lee relied on discussions with Company personnel.

c. There were no calculations performed. Instead, Ms. Lee relied on the range of net salvage projections of other Florida gas utilities, discussions with company personnel, and professional judgement based on Ms. Lee's over 35 years' depreciation experience.

d. Please refer to page 15 of the 2025 Depreciation Study and Schedule F-1 and P of the Study Workbook. The retirement rates of less than 1% are not reliable for net salvage projections. To expect that the remaining account investment is likely to experience similar net salvage to that experienced by such historic miniscule retirements, Ms. Lee believes is not appropriate. Thus, neither the (132)% negative net salvage experience over the 2021-2024

period nor the (398)% experience over the 2004-2024 period are considered representative of future expectations when they both relate to such few retirements. Ms. Lee also relied on discussions with Company personnel regarding removal cost associated with retired services (See response 7(a)). The proposed (40)% net salvage factor is more in line with the projections of other Florida utilities than the currently prescribed net salvage factor.

8. **Please refer to FCG's 2025 Depreciation Study Narrative, Pages 15-16, Account 3802: Services - Steel. FCG states, "Average service life estimates for other gas companies in Florida range from 48 years to 60 years, averaging 54 years. Based on input from the Company, the type of assets in this account, and judgment, this Study proposes a slight increase in average service life to 60 years." With a current service life of 52 years (Study, Page 15), please explain how FCG determined a 60 year average service life is appropriate for this account, and how that proposed service life may be reflective of changes (please specify) since FCG's 2022 Depreciation Study, wherein witness Allis recommended a 50 year average service life (Exhibit NWA-1, Page 160 of 179).**

Company Response:

The forces of retirement of steel services are corrosion, dig-ins, and relocations. Some steel mains are being replaced in response to concerns regarding aging infrastructure reliability and safety. Once replacement is completed, steel services should be expected to experience life expectancies longer than 50 years. The continued decrease in the retirement rate since 2022 is also indicative of increased life indications. See Schedule F-1 and P of the 2025 Depreciation Workbook for average retirement rates. Recognizing the average age of the January 1, 2025 surviving investment is 34.5 years, and considering the average service life underlying the currently prescribed average remaining life is 52 years, along with the above, a 60-year average service life is reflective of future expectations. FCG notes that the 50-year average service life proposed by Mr. Allis in the Gannett Fleming submitted 2022 depreciation study was for the combined steel and plastic services accounts rather than for just the steel services account.

9. Please refer to FCG's 2025 Depreciation Study Narrative, Pages 17-18, Account 3820: Meter Installations. FCG states "The retirement rate during the 2021-2024 period averaged 14.97% with the 2004-2024 averaging 4.27%." In addition, in FCG's 2022 Depreciation Study, witness Allis recommended a 35-year average service life for the account (Exhibit NWA-1, Page 165 of 179). Please explain why FCG does not recommend any change to the 44-year average service life or curve shape.

Company Response:

Please refer to pages 17 and 18 of the 2025 Depreciation Study for an analysis of the meter installations account. The existing 44-year average service life with an R1 curve and 12.7-year average age of FCG's surviving investment approximates the average retirement rate. A 35-year average service life with an R3 curve, as proposed in the 2022 filed Gannett Fleming study, indicates fewer retirements at age 12.7. See attachment Response 1-9 for R1/44-year life table and R3/35-year life tables.

10. Please refer to FCG's 2025 Depreciation Study Narrative, Pages 18-19, Account 3821: Meter Installations -ERT. please explain the reasons why FCG is proposing to increase net salvage for this account from (25)% to 0%.

Company Response:

Please refer to page 19 of the Depreciation Study and Sch Q of the study workbook. There is limited retirement data, only since 2018, and no incurred removal costs or salvage realized on those retirements. Based on discussions with FCG personnel and Ms. Lee's 35-year utility depreciation experience, net salvage for this account should be similar to that for Account 3820, Meter Installations.

11. Please refer to FCG's 2025 Depreciation Study Narrative, Page 21-22, Account 3900: Structures and Improvements. FCG is proposing to extend the Average Service Life (ASL) of this account from 25 years to 40 years, an increase of 60%. Why did FCG propose to increase the service life to 40 years in a single ASL adjustment rather than in stages under the concept of Gradualism?

Company Response:

Please refer to pages 21-22 of the Depreciation Study. The account has experienced retirements in only 3 years over the 2004-2024 period with no retirements occurring in the most recent 5 years. FCG has 3 service centers and a new office building that was added in 2024. There are no leased buildings. Most gas companies in the State expect buildings to be in service 40 years. Based on the experience of Ms. Lee, the existing 25-year average service life is understated and more in line with leasehold improvements not service centers or an office building.

12. Please refer to FCG's 2025 Depreciation Study, page 7, "Account Analysis and Proposals" section. For many accounts the study references the support of other Florida gas utilities for service life and/or net salvage values. For each such reference, by account, please provide the data, calculations, associated time periods of the data, and source of all such data.

Company Response:

The 2025 Depreciation Study references reliance on the life and salvage projections of other Florida gas utilities. This reliance, as in past depreciation studies, relates to the average service lives underlying the currently Commission-prescribed factors for each utility (See attached Response 1-12). These factors have all been vetted as being appropriate. Companies operating in a similar environment and regulations should be considered to have life expectancies within a reasonable range.

13. Please provide a side-by-side chart comparing FCG's 2022 Depreciation Study parameters to FCG's 2025 Depreciation study parameters. In the comparison chart, please include all depreciation parameters proposed in each study (Average Service Life, Average Remaining Life, Net Salvage, Iowa Curve Shape, Age, and where appropriate, amortization periods) for all accounts.

Company Response:

Schedule B of the depreciation workbook is a comparison of the current approved parameters (Average Service Life, Average Remaining Life, Net Salvage, Iowa Curve Shape, Age, and where appropriate, amortization periods) for all accounts. FCG assumes the question refers to a comparison between those parameters filed in the Gannett Fleming study and those proposed now. Although this is not what was approved by the Commission, Sch B-2 is attached and compares the parameters approved by the Commission to those from the Gannett Fleming study and those proposed in the instant study (See attached Response 1-13). The last study does not report the average age of surviving investments and have not been provided.

14. In the Company's last base rate case (Dkt 20220069-GU), FCG witness Campbell stated in his direct testimony (DN 03278-2022), "The Company is proposing a Reserve Amount of $25 million to be available for use in the RSAM as described above for the 2023-2026 period, which will enable FCG to avoid another base rate increase until at least the end of 2026 while continuing to earn a reasonable rate of return." (Page 28, Lines 15-18) Ultimately, the Commission approved FCG's four-year rate plan in conjunction with approval of its use of the RSAM in Order No. PSC-2023-0177-FOF-GU, issued June 9, 2023. Please explain the changes and events within the Company since its last rate case that have resulted in FCG's petition to amortize an additional proposed reserve surplus of $27.3 million over the next two years in order to avoid a rate proceeding (2025 Depreciation Study, Pages 4 and 5).

Company Response:

There have been three significant changes since the FCG rate case.

First, Net Operating Income decreased by $4.1M in 2024 versus approved rate case. Per Mark Campbell's testimony on CPI, he stated "The cumulative increase from 2021 through the end of FCG's proposed four-year rate plan (2026) was projected to be 11.0 percent." (line 21 on page 1055 of document 00068-2023) The actual cumulative inflation from 2021 through 2024 is 15.8%. This inflation increase is the most significant driver of the increased costs impacting NOI. Other significant increases of costs include a $2.5M (pre-tax) change of taxes other than income due to a significant increase in property taxes and an insurance expense increase of $0.8M (pre-tax).

Second, FCG has invested $16.0M of additional rate base above the rate base approved in the 2023 rate case. This additional investment requires an additional $1.2M of earnings at the midpoint.

Third, the capital structure changes from the approved rate case requires $6.3M of additional NOI. The change is due to the elimination of the prior owner's deferred taxes and the higher cost of debt, partially offset by the lower equity ratio.

Due to the changes discussed above, FCG utilized $25M of the RSAM reserve by the end of 2024. In the final order PSC-2023-0177-FOF-GU the Commission concludes "For these reasons, we acknowledge FCG's commitment while also noting that approval of FCG's plan, either in part or its entirety, would not prohibit future proceedings on these matters over the next four years."

As stated in the filing, FCG will continue to implement cost management practices. However, the increased expenses due to inflation and other factors outside of the Company's control, additional capital investments and change in capital structure will continue to create downward pressure on FCG earnings. Without the amortization of the excess reserve, the lower earnings would most likely necessitate a rate proceeding as early as 2025.

15. Please refer to FCG's Earnings Surveillance Report (ESR) for the 12 month period ending December 31, 2024, and FCG's Forecasted ESR for the 12 months ending December 31, 2024, filed with the Commission on March 28, 2025, and March 15, 2024, respectively.

a. In FCG's ESR for 12 month period ending December 31, 2024, for each of the instances from May 31, 2023 to date where FCG has amortized a portion of the Commission-approved $25 million reserve surplus, please explain in detail FCG's process for deciding how much of the aforementioned reserve surplus needed to be amortized.

b. In FCG's Forecasted ESR for the 12 months ending December 31, 2024, filed March 15, 2024, FCG projected $6,879,538 of the aforementioned Commission-approved
$25 million reserve surplus to remain through December 31, 2024. However, according to FCG's ESR for the 12 month period ending December 31, 2024, only
$2.00 of the $25 million reserve surplus remained as of December 31, 2024. Please explain the changes and events within the Company since its March 15, 2024 Forecasted ESR filing, that have resulted in FCG amortizing $6,879,536 more than what was projected in 2024.

Company Response:

a. Since June of 2023, FCG has filed quarterly surveillance reports with RSAM reflected at various levels from 9.5% to 10.5%, as allowed by the RSAM mechanism approved by the Commission. The midpoint of 9.5% was set by the commission taking into consideration the use of the RSAM mechanism. This is noted in the PSC Staff's position in Document 01163-2023 filed on 2/17/2023 which states "Based on the analysis of the record evidence discussed above, the appropriate authorized ROE midpoint is 10.00 percent with a range of plus or minus 100 basis points. If the Commission approves an RSAM in Issue 67, the appropriate authorized ROE midpoint is 9.50 percent with a range of plus or minus 100 basis points."

   The amount booked in 2023 was the estimated amount needed to get to a year end return of 9.5%. Please note that without any RSAM, FCG would have reported returns under the lower 8.5%, in violation of the provisions of the RSAM Mechanism approved by the commission. The 2024 year end return was below the 9.5% midpoint.

b. There were significant changes that differed from the forecast originally used to estimate the 2024 RSAM usage. These included the drivers of the NOI decrease discussed in data request no. 14.

16. Please refer to FCG's ESR for the 12 month period ending September 30, 2024, filed December 13, 2024. According to Schedule 1 of this filing, FCG's return on equity (ROE) was 10.50 percent, which is at the top of FCG's currently authorized ROE range by Order No. PSC-2023-0177-FOF-GU. This filing also states that FCG amortized $3,182,574 of the $25 million reserve surplus in September 2024 (Attachment 1).

a. Please explain why FCG elected to amortize $3,182,574 of the reserve surplus in September 2024, thereby earning at the top of its authorized ROE range for the 12 month period.

b. Given the Company's previous commitment to the four-year plan proffered by FCG witness Campbell in FCG's 2022 rate case (DN 03278-2022, Page 28, Lines 15-18), please explain why FCG did not elect to amortize a lesser amount of the reserve surplus, resulting in an ROE closer to the midpoint (9.5 percent) of FCG's authorized ROE range.

Company Response:

a. Please note that the reserve amount booked in the general ledger in 2024, including the $3,182,574 in September 2024, was based on the forecasted 2024 amounts with a full 13-month average capital structure, rate base, and net operating income. The amount of RSAM used was in compliance with the RSAM mechanism approved by the Commission. The final year-end return is below the mid-point of 9.5%.

b. The plan was a projected forecast of the utilization of the estimate. As discussed in question no. 14 factors, like the increased rate of inflation, are different than the assumptions used in the forecast.

The year end 2023 return was at the 9.50% midpoint, and the 2024 return was at 9.28%, lower than the 9.50% midpoint. The total amount of RSAM utilized in both annual periods was necessary to get at or below 9.50%.

17. Please refer to page 4 of the Abeyance Response. FCG states, "In fact, as will be evidenced in FCG's forecasted earnings surveillance report, which is anticipated to be filed soon, an extended delay in the processing of FCG's Study will necessitate that FCG file a base rate case, which FCG believes is not in the best interest of its customers or FCG at this time."

a. Is FCG asserting that it is projected to be earning below its authorized ROE range in 2025?

b. If the answer to 6.a. is affirmative, please provide all workpapers, documents, and calculations that support FCG's claim.

Company Response:

a. Yes, FCG is projected to earn below the authorized ROE per 2025 ROE projection.

b. Please refer to FCG Earning Surveillance Report GU602-2025-FCST-ESR filed to this Commission.

18. Does FCG believe that a consideration of its earnings should be part of the Commission's standard review and processing of depreciation studies? Please explain.

Company Response:

No, and FCG is not requesting the review of its over or under earnings in the current depreciation study. Rather, as stated in the petition, FCG is requesting to correct the reserve surplus over a short period in order that ratepayers who may have overpaid depreciation expense have a chance of benefitting. Additionally, a short amortization period will result in a quick return to the matching principle. An added benefit is a rate increase deferral for up to 24 months. If no separate action is taken, the reserve surplus would be allocated over approximately 44 years

19. Please identify any prior depreciation study dockets (adjudicated separate and apart from a base rate proceeding) wherein the utility requested, and the Commission considered, projected over- or under-earnings to be reviewed in conjunction with the depreciation study. Please provide docket and order numbers.

Company Response:

The following list may not be all inclusive but represents Commission decisions approving projected over earnings to offset reserve deficiencies. FCG would note that whether the reserve imbalance is a deficit or a surplus, where a misstatement of rate base exists it should be corrected. The Commission long standing policy is to correct imbalances as fast as possible.

Docket No. 820537-TP, Order No. 21954
Docket No. 900178-TL, Order No. 24011
Docket Nos. 941229-TL and 950283-TL, Order No. PSC-95-0180-FOF-TL
Docket No. 920195-TL, Order No. PSC-94-0119-FOF-TL
Docket No. 930170-TL, Order No. PSC-93-1572-FOF-TL

20. If FCG's 2025 Depreciation Study and requested 2-year amortization of the proposed $27.3 million surplus is approved as filed, please explain if:

a. an amortization of any portion or all of FCG's proposed $27.3 million surplus would result in a requested rate base increase by the same amount and such increase reflected in the requested revenue requirements of the Company the next time FCG petitions the Commission for a base rate increase. Please explain.
b. an amortization of such surplus amount to support earnings would result in FCG double recovering the cost of plant from its customers beginning with base rate recovery amounts following the next rate case? Please explain.

Company Response:

a. The amortization of a reserve imbalance, which in the FCG case is a surplus, is an approved method for addressing the impact of the depreciation life and salvage value. As noted in

Order No. 1997-1609-PAA-EI, issued in Docket No. 97537-EI, at page 3, stating, "Reserve imbalances are primarily a matter of differences in current and past projections. We believe that such deficiencies should be recovered as fast as possible, unless such recovery prevents the company from earning a fair and reasonable return on its investments." This method does result in an increased rate base, based on updated account depreciation life and salvage values. However, since the company would not be requesting recovery specifically for this increased rate base until the next rate case, the customers will benefit now from not seeing higher rates established for the current earnings deficiencies.

b. FCG objects to the notion of the "double recovery". The Company's proposed amortization of the reserve surplus is not to support earnings. To be clear, the 2025 Depreciation Study was not performed simply to create a reserve imbalance. The Study was preformed to review the current recovery position. Amortization of a reserve surplus in the manner that FCG is proposing in this case, ensures a return to the matching principle as quickly as possible allowing the excess reserve to benefit the current customers. In the future, the assets will be reflecting the appropriate rate base to support future customers. It does provide an added benefit of delaying the expense of a rate proceeding but the delay is not the primary impetus for the 2-year amortization.

21. Please refer to FCG's page 4 for the following question. Here the Company writes "[c]orrection of the reserve imbalance over a short period will result in a return to the matching principle as opposed to returning it over the remaining life." In this docket, who would the Company be returning the surplus to if it was amortized over the remaining life, i.e., customers or shareholders?

Company Response:

Correction of the surplus over the remaining life or over a shorter period of time benefits both the customers and the shareholders. It's a matter of timing. The point of the quoted statement is that correcting the imbalance over a period shorter than the average remaining life has a better chance of benefiting customers who overpaid for services by reducing depreciation expenses now through lower depreciation rates. A by-product of the shorter

amortization, of course, is a resulting higher net income that would allow the Company to get closer to reaching a fair rate of return for shareholders thus avoiding the cost of a rate case now.

22. Please refer to FCG's 2025 Depreciation Study, pages 5-6. Here the Company writes "[t]his will have the effect of reducing depreciation expenses for the amortization period resulting in the added benefit of delaying a rate proceeding now." Has the Company quantified the difference of a potential near-term rate case and its impact on customer rates, relative to the future "re-collection" of the $27.3 million in future depreciation expenses (including the return on the newly created unamortized balance/rate base)? If so, please provide the results of that analysis.

Company Response:

FCG is unclear as to what is meant by the term "re-collection" as it is not a normal depreciation term. Nevertheless, in an attempt to respond, the Company has not quantified the difference of a potential near-term rate case and its impact on customer rates. The theoretical reserve calculation determines the theoretically correct reserve assuming the proposed life and salvage parameters had always been in effect. Any reserve imbalance represents a misstatement of rate base. With a reserve surplus, the reserve is overstated. If not corrected, prospective depreciation rates will be lower than they should be as too much has been depreciated to date. This will have the effect of benefitting future customers rather than those who may have contributed to the surplus. On the other hand, if there was a calculated theoretically correct reserve deficit, if not corrected by amortization, prospective depreciation rates would be arguably higher than they should be and future ratepayers carry the burden of that deficit.

23. Does the Company allege that its current proposal, reducing depreciation expense by $27.3 million over two years, and the associated/follow-on effects of that proposal, i.e., "re-collection" of depreciation and additional return, is the "lower cost" option to its customers relative to a near-term rate case?

Company Response:

FCG again is unclear as to what the term "re-collection" in this context is meant to capture

or imply The Company only opines that a short-term amortization of the reserve surplus benefits customers through lower depreciation expenses, corrects the existing misstatement of rate base and is a return to the matching of expenses to consumption. The added benefit is the delay of a rate proceeding. The 2025 depreciation study was conducted on a stand-alone basis, without the consideration of Company earnings. The objective of the surplus amortization was and continues to be the correction of the overstated reserve.

24. Please refer to the FCG's 2025 Depreciation Study, page 6. Here the Company writes "[t]here are numerous cases where the Commission has approved amortization of reserve imbalances over a period shorter than the remaining life." Please provide examples of this amortization where the reserve surplus was used to reduce depreciation expense in support of company earnings rather than flowed directly to, or recovered from, customers. Please limit this response to identifying only instances where the relative issues in the docket were not part of a settlement.

Company Response:

In depreciation studies not accompanied with a rate case proceeding, the resultant expenses of revised depreciation rates, either increases or decreases, have an effect on earnings. Regarding the Settlement cases where a company's earnings were considered in determining the amortization period of a reserve deficit, a Settlement is an agreement considered satisfactory by all parties and approved by the Commission as being in the public interest. If it were not so, the parties would not have agreed and the agreement would not have been approved. Thus, whether the issue of amortizing a reserve surplus is part of a Settlement or not, should not matter. The surplus denotes a misstatement of rate base and should be corrected as soon as practicable, just as a reserve deficit has been.

Even though Order PSC-2019-0076-FOF-GU is not a depreciation order, but related to tax, the circumstances are similar. In that Case FPUC argued that it was projected to be earning at the bottom of its allowable range of return on equity and, in light of this should be allowed to retain the estimated annual amortized amount of the protected excess accumulated deferred income tax (ADIT) balance. FPUC argued that the ability to retain the net tax amount would provide the Company with further opportunity to earn within its

authorized range of return on equity (ROE), while also enabling the Company to provide service at present rates for a longer period, to continue making necessary capital investments, and to delay a costly rate proceeding. The Commission concluded that "it was fair and reasonable to consider the earnings position of the Company in our decision. Reducing the base rates as recommended by OPC would result in a cash flow reduction to the Company, put downward pressure on FPUC's earnings, and would accelerate the need for a full rate case sooner than it would otherwise due to FPUC earning below its authorized range of ROE". The Commission allowed FPUC to retain the estimated amortized deferred tax balance.

For correction of reserve imbalances over a shorter period than the remaining life please see Order PSC-2019-0433-PAA-GU, issued October22, 2019 In re: Petition for approval of 2019 consolidated depreciation study by Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation, page 3. In that case, FPUC adaptation of vintage year accounting for amortizable general plant accounts amounted in ($1.4M) reserve imbalance. The commission authorized a 5-year amortization to bring these accounts to their theoretically correct reserve levels.

Also, Order No. 010699-EI, issued November 19, 2001, In re: Request for approval of implementation date of January 1, 2002, for new depreciation rates for Marianna Electric Division by Florida Public Utilities Company. The Commission stated its policy to recover imbalances "as fast possible, unless such recovery prevents the Company from earning a fair and reasonable return on its investments."

Additionally, see Order No. PSC-10-0131-FOF-EI, issued March 5, 2010, in Docket No. 090079-EI In re: Petition for increase in rates by Progress Energy Florida, Inc.; Docket No. 090144-EI, In re: Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc.; and Docket No. 090145-EI, In re: Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(I)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc, pp. 45-52.

See also, Order No. PSC-10-0153-FOF-EI in Docket Nos. 20080677-EI, issued March 17, 2010 In re: Petition for increase in rates by Florida Power & Light Company and Docket No. 20090130-EI In re: 2009 depreciation and dismantlement study by Florida Power & Light Company, at page 87. The Commission determined that the reserve surplus should be amortized over 4 years.

By Order 19438, issued June 6, 1988, in Docket No. 80868-EI, In re: Request of Tampa Electric Company for a Change in its Depreciation Rates Effective January 1, 1988, where the Commission approved that tax credits associated with the interest synchronization of investment tax credits be applied to decrease the unrecovered cost associated with equipment planned for retirement and amortized over a two-year period. Prospectively, the annual true-up amount would be booked to a non-account specific account and allocated to specific accounts at the time of the next depreciation study. Further, the Commission approved that the reserve remaining from the retirement of certain capacitors be transferred to the reserve associated with transformers slated for near-term retirement.

By Order 18736, issued January 26, 1988, in Docket No. 871269-TL, In re: Request of United Telephone Company of Florida for Acceleration of Amortization Schedules, the Commission approved a one-time charge to depreciation in the amount needed to recover the imbalance associated with certain central office equipment with a remainder of the requested amount to be recorded in a nonspecific reserve account and allocated to specific accounts in the next depreciation study. The Commission found that these actions "comply with our policies of correcting reserve imbalances as rapidly as possible and of accelerating the write-off of plant identified for retirement earlier than projected when these goals can be achieved without adversely affective rates."

By Order 15798, issued November 1986, In re; Implementing Interest Synchronization Refunds Through Depreciation Revenue Adjustments, the Commission determined that monies subject to refund plus interest related to the interest synchronization of investment tax credits be recorded as a one-time jurisdictional adjustment to the depreciation reserve and made account specific at the next depreciation study. Further, on-going monthly jurisdictional adjustments would be booked to the deprecation reserve in the same manner.

By Order PSC-97-1609-FOF_EI Florida Public Utilities Company's Marianna Division was authorized to amortize the net gain associated with the sale of *a* warehouse and associated land over a period of five years. A portion of the sale proceeds to be recorded as gross salvage against the retirement of the warehouse building. The net gain from the sale of a hydro plant was approved to be amortized over four years. Order PSC-98-0451-FOF-EI revised the amortization period for the net gain on the hydro plant to five years.

By Order PSC-2002-1159-PAA-GU approve the application of a portion of the net proceeds from the sale of FPUC's office and warehouse building to the unrecovered cost of the building. The net gain was then amortized over five years.

Further, reserve transfers between accounts, a long-standing Commission-approved practice, are tantamount to amortization of the respective account reserve imbalances.

25. Please refer to the FCG's 2025 Depreciation Study, page 6. In the third paragraph, the Company writes, "FCG has identified a reserve surplus of $27.3 million that it proposes to amortize over the years 2025 and 2026. This action allows a return to the matching principle and correction of intergenerational inequities." Please fully explain the concept of relieving intergenerational inequities by transferring customer value to Company shareholders, which has the direct effect of customers having to pay for that depreciation and return twice no matter the generation of customer base.

Company Response:

The Company objects to the premise that its proposal transfers customer value to FCG's shareholders and results in double recovery. Current customers are effectively subsidizing future customers, referred to as intergenerational inequity. They (and also past customers) have effectively overpaid their fair share of depreciation expense based on the parameters proposed in the 2025 Depreciation Study. The matching concept argues for a short amortization period in order that the ratepayers who may have overpaid have a chance of

benefitting. If no separate action is taken, the reserve surplus would be allocated over approximately 44 years. In Ms. Lee's opinion this is too long. Customer revenue rates will not be impacted with a reduction in depreciation expenses until the next rate case proceeding. Irrespective of the reserve surplus amortization, the 2025 Depreciation Study proposed depreciation rates will result in a decrease in expenses of about $1 million.

26. In FCG's 2022 Depreciation Study, the Company identified an approximate $52.1 million of reserve surplus. Of that $52.1 million, $27.1 million remained - as proposed - in accumulated depreciation following the disposition of the rate case. Please explain the Company's current position that the $27.3 million of reserve surplus as calculated in FCG's 2025 Depreciation Study indicates an intergenerational inequity which needs to be corrected but a similar amount did not need such a correction in 2022.

Company Response:

CUC is not in a position to answer the question posed. The 2022 Depreciation Study was conducted by a different consultant at a time when the Company was a subsidiary of Florida Power and Light Company. Ms. Lee reviewed the 2022 filed depreciation study as well as the Commission approved depreciation parameters and rates. Ms. Lee cannot address why a similar amount was not addressed in 2022 except to say that the surplus quantified in 2022 of $52.1 million was based on life and salvage parameters deemed appropriate at that time. In the 2025 Study, some lives and salvage factors have changed based on retirement and salvage activity, discussions with Company personnel, and Ms. Lee's over 35-year utility depreciation experience. The calculated reserve surplus based on Ms. Lee's proposed life and salvage factors is $27.3 million.

CHESAPEAKE UTILITIES CORPORATION
FLORIDA CITY GAS
2025 NATURAL GAS DEPRECIATION STUDY
As of 1/1/2025
COMPARISON OF CURRENT AND PROPOSED DEPRECIATION COMPONENTS

ACCOUNT - # / NAME			CURRENT (A) AVERAGE SERVICE LIFE (YRS.)	CURRENT (A) AVERAGE REMAINING LIFE (YRS.)	CURRENT (A) NET SAL (%)	CURRENT (A) AGE (YRS.)	CURVE	GANNETT FLEMING (B) AVERAGE SERVICE LIFE (YRS.)	GANNETT FLEMING (B) AVERAGE REMAINING LIFE (YRS.)	GANNETT FLEMING (B) NET SAL (%)	GANNETT FLEMING (B) AGE (YRS.)	CURVE	COMPANY PROPOSED AVERAGE SERVICE LIFE (YRS.)	COMPANY PROPOSED AVERAGE REMAINING LIFE (YRS.)	COMPANY PROPOSED NET SAL (%)	COMPANY PROPOSED (SCTIS II-J) AGE (YRS.)	CURVE	STAFF RECOMMENDED AVERAGE SERVICE LIFE (YRS.)	STAFF RECOMMENDED AVERAGE REMAINING LIFE (YRS.)	STAFF RECOMMENDED NET SAL (%)	STAFF RECOMMENDED AGE (YRS.)	CURVE
INTANGIBLE PLANT																					
3031	Miscellaneous Intangible Plant - 15 Yrs (formally Acct 30302)		12 Yr Amortization				SQ	12 Yr Amortization				SQ	15 Yr Amortization				SQ					
3032	Miscellaneous Intangible Plant - 20 Yrs		20 Yr Amortization				SQ	20 Yr Amortization				SQ	20 Yr Amortization				SQ					
	Total Intangible Plant																				
STORAGE PLANT																					
3642	Structures & Improvements		50	50.00	-		S4	50	50.00	-		S4	50	49.0	0	1.5	S4				
3643	LNG Processing Terminal Equipment		50	50.00	-		S4	50	50.00	-		S4	50	49.0	0	1.5	S4				
3645	Measuring and Regulating Equip.		50	50.00	-		S4	50	50.00	-		S4	50	49.0	0	1.5	S4				
3646	Compressor Station Equipment		50	50.00	-		S4	50	50.00	-		S4	50	49.0	0	1.5	S4				
	Total Storage Plant																				
DISTRIBUTION PLANT																					
3743	Right-of-Way												75	44.0	0	31.0	SQ				
3750	Structures & Improvements		33	31.00	-		L0	35	31.72	-		R4	35	30.0	0	4.8	R4				
3761	Mains - Plastic (Formally Acct 3762)	(E)	75	65.88	(33)		R2	65	54.39	(60)		R4	75	65.0	(30)	10.4	R4				
3762	Mains - Steel (Formally Acct 3761)	(E)	65	50.32	(50)		R1.5	65	46.46	(75)		R4	65	48.0	(40)	21.5	R4				
3780	Measuring and Regulating Equip. - General		40	36.88	(10)		R1.5	35	31.11	(5)		S3	40	33.0	(10)	7.5	S3				
3790	Measuring and Regulating Equip. - City Gates		50	40.64	(10)		R2.5	35	25.28	(5)		S3	50	37.0	(10)	13.8	R3				
3801	Services - Plastic (Formally Acct 3802)	(E)	55	46.56	(68)		R1.5	50	40.42	(60)		R2.5	55	47.0	(40)	10.5	R1.5				
3802	Services - Steel (Formally Acct 3801)	(E)	52	32.15	(125)		R0.5	50	22.47	(100)		R2.5	60	34.0	(125)	34.5	R1.5				
3810	Meters		19	12.43	3		R2	20	12.59	-		S2.5	20	12.7	(5)	8.7	R2				
3812	Meters - ERTs (Formally Acct 3811)	(E)	19	14.42	3		R2	20	14.78	-		S2.5	20	17.0	0	3.4	R2				
3820	Meter Installations		44	34.95	(25)		R1	35	23.28	(5)		R3	44	35.0	0	12.7	R1				
3821	Meter Installations - ERT		44	36.23	(25)		R1	20	11.86	-		R1.5	44	43.0	0	0.8	R1				
3830	House Regulators		42	33.08	-		S1	40	30.84	(5)		R2.5	42	33.0	0	11.0	S0				
3840	House Regulators Installations		47	34.93	(25)		R1	40	25.56	-		R2.5	47	33.0	0	19.9	R1				
3850	Indus. Meas. & Reg. Station Equip		37	17.79	(2)		R3	35	15.46	-		S3	40	16.8	0	24.3	S3				
3870	Other Equipment		24	18.05	-		L2	35	28.49	-		R3	35	28.0	0	7.0	R3				
	Total Distribution Plant																				
GENERAL PLANT																					
3900	Structures & Improvements		25	20.23	-		L0	30	22.84	-		S0.5	40	33.0	0	7.5	S0.5				
3910	Office Equipment	(C)	15 Yr Amortization				SQ	15 Yr Amortization				SQ	14 Yr Amortization				SQ					
3912	Computer Hardware (Combines Accts 39112 and 3915)	(C)	5 Yr Amortization				SQ	5 Yr Amortization				SQ	10 Yr Amortization				SQ					
3913	Office Furniture (formally account 3910)	(C)	15 Yr Amortization				SQ	15 Yr Amortization				SQ	20 Yr Amortization				SQ					
3914	Computer Software (formally account 39111)	(C)	12 Yr Amortization				SQ	12 Yr Amortization				SQ	10 Yr Amortization				SQ					
3921	Transportation - Cars (revised subaccount)	(D)	9	4.19	11		L2.5	9	3.86	10		S2	12	3.7	10	10.6	S2				
3922	Transportation - Light -Med. Trucks, SUVs & Vans (revised subaccount)	(D)	10	6.05	11		L3	10	6.05	10		L3	12	5.4	20	4.7	S2				
3923	Transportation - Heavy Trucks	(D)	12	6.53	4		L2	13	6.73	10		L3	13	5.3	10	8.7	L3				
3924	Transportation - Trailers (formally account 3920)	(D)	12	4.66	4		L2	10	2.99	10		L2.5	20	9.8	0	13.8	L2				
3930	Stores Equipment		25 Yr Amortization				SQ	25 Yr Amortization				SQ	26 Yr Amortization				SQ					
3940	Tools, Shop & Garage Equipment		15 Yr Amortization				SQ	15 Yr Amortization				SQ	15 Yr Amortization				SQ					
3941	Natural Gas Vehicle Equipment		20	13.50	-		S4	20	13.50	-		S4	20	11.5	0	8.5	S4				
3950	Laboratory Equipment		20 Yr Amortization				SQ	20 Yr Amortization				SQ	20 Yr Amortization				SQ					
3960	Power Operated Equipment		15	10.30	10		SQ	15	9.26	10		L2.5	15	9.1	10	6.6	L2				
3970	Communication Equipment		12 Yr Amortization				SQ	12 Yr Amortization				SQ	13 Yr Amortization				SQ					
3980	Miscellaneous Equipment		20 Yr Amortization				SQ	20 Yr Amortization				SQ	17 Yr Amortization				SQ					
	Total General Plant																				
	Total Plant																				

Notes:

(A) Current parameters are from Table 1 of PSC Order No. PSC-2023-0177-FOF-GU, in Docket No. 20220069-GU. Some accounts were restated to reflect Chesapeake's standard natural gas subaccounts. The depreciation parameters for LNG assets in Accounts 376X, Power Op Equip in Account 3960, and Amortized General Plant Accounts 391X, 3930, 3940, 3950, 3970, and 3980 were not undated in the last study. These parameters were approved by Order No. PSC-2018-0190-FOF-GU in Docket No. 20170179-GU.

(B) Gannett Fleming parameters are from Table 1 of the Gannett Fleming 2022 Study, Exhibit NWA-1, Page 47 of 179 of Docket No. 20220069-GU. Some accounts were restated to reflect Chesapeake's standard natural gas subaccounts. The depreciation parameters for LNG assets in Accounts 376X, Power Op Equip in Account 3960, and Amortized General Plant Accounts 391X, 3930, 3940, 3950, 3970, and 3980 were not undated in the last study. These parameters were approved by Order No. PSC-2018-0190-FOF-GU in Docket No. 20170179-GU.

(C) Restated all Office Furniture and Equipment and Software assets based on proposed subaccounts shown on Sch H.

(D) Restated all Transportation assets based on proposed subaccounts shown on Sch I.

(E) Restated account numbers based on Chesapeake's standard chart of account for all natural gas business units. All CHPK's natural gas business units uses the same chart of accounts to streamline operations. Reclassified Misc. Intangibles from Account 30302 to Account 3031. Reclassified Steel Mains from Account 3761 to newly proposed account 3762. Reclassified Plastic Mains from Account 3762 to newly proposed account 3761. Reclassified Steel Services from Account 3801 to newly proposed account 3802. Reclassified Plastic Services from Account 3802 to newly proposed account 3801. Reclassified ERTs from Meter Account 3811 to newly proposed account 3812.

Response to OPC POD 6

FLORIDA GAS COMPANIES AVERAGE SERVICE LIVES AND CURVE SHAPES UNDERLYING PRESCRIBED AVERAGE REMAINING LIVES

		Order No. PSC-2023-0215-PAA-GU St Joe		Order No. PSC-2023-0388-FOF-GU Peoples Gas		Order No. PSC-2023-0103-FOF-GU FPUC		Order No. PSC-2022-0153-PAA-GU Sebring Gas		Florida Average	FCG Current*		FCG 2023 Study**		FCG 2025 Study	
		ASL	Iowa Curve	ASL	Iowa Curve	ASL	Iowa Curve	ASL	Iowa Curve	ASL	ASL	Iowa Curve	ASL	Iowa Curve	ASL	Iowa Curve
DISTRIBUTION PLANT																
3743	Land Rights/Right of Way			75	SQ	75	SQ			75					75	SQ
375	Structures & Improvements	40	S3	33	L0	40	S4			35	33	L0	35	R4	35	R4
3761	Mains - Plastic	40	S3	75	R2	75	S3	45	S3	59	75	R2	65	R4	75	R4
3762	Mains - Steel	40	S3	65	R1.5	65	S3	45	S3	54	65	R1.5	65	R4	65	R4
376G	Mains - GRIP					75	S3									
377	Compressor Equipment			35	R2											
378	Measuring and Regulating Equip. - General	35	R3	40	R1.5	40	R3	33	R3	37	40	R1.5	35	S3	40	S3
379	Measuring and Regulating Equipt. - City Gate	35	S3	52	R2	40	R3	32	R3	40	50	R2.5	35	S3	50	R3
3801	Services - Plastic	42	S3	55	R2.5	55	S3	40	S2	48	55	R1.5	50	R2.5	55	R1.5
3802	Services - Other	55	SQ	52	R0.5	60	S2	48	S1	54	52	R0.5	50	R2.5	60	R1.5
380G	Services - GRIP					55	S3									
381	Meters	25	R4	20	R2	28	R3	25	R4	25	19	R2	20	S2.5	20	R2
3811	Meters - AMR Equipment					28	R3									
	Meters - ERT										19	R2	20	S2.5	20	R2
382	Meter Installations	40	S2	45	R1.5	45	S2	34	S2	41	44	R1	35	R3	44	R1
3821	Meter Installations - MTU/DCU					45	S2									
	Meter Installations - ERTs										44	R1	20	R1.5	44	R1
383	House Regulators	30	R4	42	S1.5	40	R4	30	R4	36	42	S1	40	R2.5	42	S0
384	House Regulator Installations	40	S3	47	R1.5	45	S3	34	S2	42	47	R1	40	R2.5	47	R1
385	Indus. Meas. & Reg. Station Equip	30	S4	39	R2.5	38	R3			36	37	R3	35	S3	40	S3
387	Other Equipment	14		27	L1.5	30	S3	25	S4	24	24	L2	35	R3	35	R3
GENERAL PLANT																
390	Structures & Improvemts.	40	R3	25	L0	40	R3	40	R3	36	25	L0	30	S0.5	40	S0.5
392	Transportation															
3921	Transportation - Cars	7	S2	8	L2.5	12	S2			8	9	L2.5	9	S2	12	S2
3922	Transportation - Light Trucks & Vans			10	L3	12	S2	8	S2	9	10	L3	10	L3	12	S2
3923	Transportation - Heavy Trucks			13	L2	11				13	12	L2	13	L3	13	L3
3924	Transportation - Other			30	R1.5	27	S4			27	12	L2	10	L2.5	20	L2
394.1	Natural Gas Vehicle Equipment										20	S4	20	S4	20	S4
396	Power Operated Equipment	15	S4	18	L1.5	20	S2	15	S4	16	15	SQ	15	L2.5	15	L2

* Order PSC-2023-0177-FOF-GU.
** Docket No. 20220069, document no. 03282-2022, pdf p.82.
Note: Accounts 391, 391.2, 391.3, 391.4, 393, 394, 395, 397, and 398 are amortizable for FCG.

FLORIDA GAS COMPANIES CURRENT PRESCRIBED NET SALVAGE FACTORS

		Order No. PSC-2023-0215-PAA-GU St Joe	Order No. PSC-2023-0388-FOF-GU Peoples Gas	Order No. PSC-2023-0103-FOF-GU FPUC	Order No. PSC-2022-0153-PAA-GU Sebring Gas	Peer Average	FCG Current *	FCG 2023 Study**	FCG 2025 Study
		Prescribed Net Salvage	Prescribed Net Salvage	Prescribed Net Salvage	Prescribed Net Salvage				
DISTRIBUTION PLANT									
3743	Land Rights/Right of Way		0	0		0	0		0
375	Structures & Improvements	(5)	0	0		[illegible]	0	0	0
3761	Mains - Plastic	(30)	(40)	(25)	(30)	(31)	(33)	(60)	(30)
3762	Mains - Steel	(30)	(60)	(40)	(30)	(40)	(40)	(75)	(40)
376G	Mains - GRIP	(30)	(40)	(25)	(30)	(31)	(37)		
377	Compressor Equipment		(5)						
378	Measuring and Regulating Equip. - General	(5)	(20)	(10)	(2)	(9)	(10)	(5)	(10)
379	Measuring and Regulating Equipt. - City Gate	(5)	(20)	(10)	(2)	(9)	(10)	(5)	(10)
3801	Services - Plastic	(30)	(75)	(30)	(30)	(41)	(68)	(60)	(40)
3802	Services - Other	(50)	(130)	(130)	(30)	(85)	(135)	(105)	(125)
380G	Services - GRIP	(30)	(75)	(90)	(30)	(44)	(69)		0
381	Meters	0	0	0	0	0	3	0	(5)
3811	Meters - AMR Equipment			0		0			
3812	ERT						3	0	0
382	Meter Installations	(35)	(30)	(20)	(5)	(23)	(25)	(5)	0
3821	Meter Installations - MTU/DCU			20		5			
	ERT						(5)	0	0
383	House Regulators	0	0	0	0	0	0	(5)	0
384	House Regulator Installations	(45)	(30)	(20)	(3)	(25)	(25)	0	0
385	Indus. Meas. & Reg. Station Equip	(5)	0	0		(2)	(2)	0	0
387	Other Equipment	0	0	0	0	0	0	0	0
GENERAL PLANT									
390	Structures & Improvemts.	0	0	10	0	3	0	0	0
392	Transportation								
3921	Transportation - Cars	10	11	10		8	11	10	10
3922	Transportation - Light Trucks & Vans		11	20	10	10	11	10	20
3923	Transportation - Heavy Trucks		7	10		4	4	10	10
3924	Transportation - Other		20	0		5	4	10	0
3941	Natural Gas Equipment						0	0	0
396	Power Operated Equipment	5	10	5	0	5	0	10	10

* Order PSC-2023-0177-FOF-GU.

** Docket No. 20220069, document no. 03282-2022, pdf p.82.

Note: Accounts 391, 391.2, 391.3, 391.4, 393, 394, 395, 397, and 398 are amortizable for FCG.

IOWA CURVE ELG / VINTAGE GROUP PROJECTION LIFE TABLE
AVERAGE SERVICE LIFE AND REMAINING LIFE BY AGE FOR CURVE TYPE = R1

	SERVICE LIFE											
	← PROJECTION LIFE 44.0 →				← PROJECTION LIFE 45.0 →				← PROJECTION LIFE 46.0 →			
AGE	SURVIVOR CURVE	SER-VICE LIFE	ELG REMAIN LIFE	VG REMAIN LIFE	SURVIVOR CURVE	SER-VICE LIFE	ELG REMAIN LIFE	VG REMAIN LIFE	SURVIVOR CURVE	SER-VICE LIFE	ELG REMAIN LIFE	VG REMAIN LIFE
0.0	1.00000	20.24	20.24	44.00	1.00000	20.65	20.65	45.00	1.00000	21.05	21.05	46.00
0.5	0.99706	22.91	22.41	43.63	0.99713	23.36	22.86	44.63	0.99719	23.81	23.31	45.63
1.5	0.99105	26.42	24.92	42.89	0.99125	26.92	25.42	43.89	0.99145	27.43	25.93	44.89
2.5	0.98485	28.62	26.12	42.16	0.98520	29.16	26.66	43.16	0.98553	29.70	27.20	44.16
3.5	0.97846	30.31	26.81	41.43	0.97896	30.87	27.37	42.43	0.97944	31.44	27.94	43.43
4.5	0.97189	31.72	27.22	40.71	0.97256	32.30	27.80	41.71	0.97319	32.89	28.39	42.71
5.5	0.96512	32.95	27.45	39.99	0.96596	33.55	28.05	40.99	0.96676	34.15	28.65	41.99
6.5	0.95818	34.06	27.56	39.28	0.95919	34.68	28.18	40.27	0.96016	35.29	28.79	41.27
7.5	0.95105	35.08	27.58	38.57	0.95224	35.71	28.21	39.56	0.95339	36.33	28.83	40.56
8.5	0.94373	36.02	27.52	37.86	0.94512	36.66	28.16	38.86	0.94645	37.30	28.80	39.85
9.5	0.93623	36.91	27.41	37.16	0.93783	37.56	28.06	38.16	0.93935	38.21	28.71	39.15
10.5	0.92855	37.75	27.25	36.46	0.93036	38.41	27.91	37.46	0.93208	39.07	28.57	38.45
11.5	0.92069	38.55	27.05	35.77	0.92271	39.22	27.72	36.76	0.92464	39.89	28.39	37.76
12.5	0.91265	39.32	26.82	35.08	0.91490	39.99	27.49	36.07	0.91704	40.67	28.17	37.07
13.5	0.90444	40.05	26.55	34.40	0.90693	40.74	27.24	35.39	0.90928	41.42	27.92	36.38
14.5	0.89606	40.76	26.26	33.71	0.89878	41.46	26.96	34.70	0.90136	42.15	27.65	35.69
15.5	0.88748	41.45	25.95	33.03	0.89046	42.15	26.65	34.02	0.89328	42.85	27.35	35.01
16.5	0.87872	42.12	25.62	32.36	0.88196	42.83	26.33	33.35	0.88503	43.53	27.03	34.33
17.5	0.86976	42.77	25.27	31.69	0.87327	43.48	25.98	32.67	0.87660	44.20	26.70	33.66
18.5	0.86059	43.41	24.91	31.02	0.86438	44.13	25.63	32.00	0.86798	44.84	26.34	32.99
19.5	0.85119	44.03	24.53	30.36	0.85529	44.76	25.26	31.34	0.85917	45.48	25.98	32.32
20.5	0.84156	44.64	24.14	29.70	0.84597	45.37	24.87	30.68	0.85015	46.10	25.60	31.66
21.5	0.83169	45.25	23.75	29.04	0.83643	45.98	24.48	30.02	0.84092	46.71	25.21	31.00
22.5	0.82156	45.85	23.35	28.40	0.82666	46.58	24.08	29.37	0.83147	47.32	24.82	30.35
23.5	0.81115	46.44	22.94	27.75	0.81662	47.18	23.68	28.73	0.82178	47.92	24.42	29.70
24.5	0.80047	47.02	22.52	27.12	0.80632	47.77	23.27	28.09	0.81184	48.51	24.01	29.06
25.5	0.78951	47.61	22.11	26.49	0.79575	48.35	22.85	27.45	0.80165	49.09	23.59	28.42
26.5	0.77823	48.19	21.69	25.86	0.78491	48.93	22.43	26.83	0.79119	49.68	23.18	27.79
27.5	0.76665	48.76	21.26	25.25	0.77377	49.51	22.01	26.20	0.78046	50.26	22.76	27.17
28.5	0.75475	49.34	20.84	24.64	0.76232	50.09	21.59	25.59	0.76945	50.84	22.34	26.55
29.5	0.74254	49.92	20.42	24.03	0.75058	50.67	21.17	24.98	0.75815	51.41	21.91	25.94
30.5	0.72998	50.49	19.99	23.44	0.73853	51.24	20.74	24.38	0.74655	51.99	21.49	25.33
31.5	0.71710	51.07	19.57	22.85	0.72616	51.82	20.32	23.79	0.73466	52.57	21.07	24.73
32.5	0.70389	51.65	19.15	22.27	0.71347	52.40	19.90	23.20	0.72246	53.14	20.64	24.14
33.5	0.69034	52.23	18.73	21.70	0.70045	52.97	19.47	22.63	0.70996	53.72	20.22	23.56
34.5	0.67645	52.81	18.31	21.13	0.68712	53.55	19.05	22.05	0.69716	54.30	19.80	22.98
35.5	0.66223	53.39	17.89	20.58	0.67348	54.14	18.64	21.49	0.68404	54.88	19.38	22.41
36.5	0.64768	53.98	17.48	20.03	0.65951	54.72	18.22	20.94	0.67061	55.46	18.96	21.85
37.5	0.63281	54.57	17.07	19.49	0.64522	55.31	17.81	20.39	0.65689	56.05	18.55	21.30
38.5	0.61762	55.16	16.66	18.95	0.63063	55.89	17.39	19.85	0.64286	56.63	18.13	20.75
39.5	0.60212	55.75	16.25	18.43	0.61574	56.49	16.99	19.32	0.62855	57.22	17.72	20.21
40.5	0.58634	56.35	15.85	17.91	0.60056	57.08	16.58	18.79	0.61394	57.81	17.31	19.68
41.5	0.57026	56.95	15.45	17.40	0.58510	57.68	16.18	18.28	0.59906	58.41	16.91	19.16
42.5	0.55392	57.56	15.06	16.90	0.56936	58.28	15.78	17.77	0.58391	59.01	16.51	18.64
43.5	0.53734	58.16	14.66	16.41	0.55338	58.88	15.38	17.27	0.56850	59.61	16.11	18.13
44.5	0.52052	58.77	14.27	15.92	0.53715	59.49	14.99	16.77	0.55285	60.21	15.71	17.63
45.5	0.50348	59.39	13.89	15.44	0.52070	60.10	14.60	16.29	0.53698	60.82	15.32	17.14
46.5	0.48626	60.01	13.51	14.97	0.50405	60.72	14.22	15.81	0.52089	61.43	14.93	16.65
47.5	0.46887	60.63	13.13	14.51	0.48722	61.34	13.84	15.34	0.50460	62.05	14.55	16.18
48.5	0.45134	61.26	12.76	14.05	0.47023	61.96	13.46	14.87	0.48814	62.67	14.17	15.70
49.5	0.43369	61.89	12.39	13.60	0.45310	62.58	13.08	14.42	0.47152	63.29	13.79	15.24

IOWA CURVE ELG / VINTAGE GROUP PROJECTION LIFE TABLE
AVERAGE SERVICE LIFE AND REMAINING LIFE BY AGE FOR CURVE TYPE = R3

	SERVICE LIFE											
	<— PROJECTION LIFE 35.0 —>				<— PROJECTION LIFE 36.0 —>				<— PROJECTION LIFE 37.0 —>			
AGE	SURVIVOR CURVE	SER- VICE LIFE	ELG REMAIN LIFE	VG REMAIN LIFE	SURVIVOR CURVE	SER- VICE LIFE	ELG REMAIN LIFE	VG REMAIN LIFE	SURVIVOR CURVE	SER- VICE LIFE	ELG REMAIN LIFE	VG REMAIN LIFE
0.0	1.00000	29.51	29.51	35.00	1.00000	30.35	30.35	36.00	1.00000	31.18	31.18	37.00
0.5	0.99977	29.91	29.41	34.51	0.99978	30.75	30.25	35.51	0.99979	31.59	31.09	36.51
1.5	0.99923	30.38	28.88	33.53	0.99926	31.23	29.73	34.53	0.99928	32.09	30.59	35.53
2.5	0.99856	30.68	28.18	32.55	0.99861	31.53	29.03	33.55	0.99866	32.39	29.89	34.55
3.5	0.99771	30.92	27.42	31.58	0.99780	31.78	28.28	32.58	0.99789	32.64	29.14	33.57
4.5	0.99667	31.14	26.64	30.61	0.99681	32.00	27.50	31.61	0.99695	32.86	28.36	32.61
5.5	0.99540	31.35	25.85	29.65	0.99561	32.21	26.71	30.64	0.99581	33.07	27.57	31.64
6.5	0.99387	31.55	25.05	28.69	0.99417	32.41	25.91	29.69	0.99444	33.28	26.78	30.69
7.5	0.99202	31.76	24.26	27.74	0.99243	32.62	25.12	28.74	0.99281	33.48	25.98	29.73
8.5	0.98981	31.97	23.47	26.80	0.99037	32.83	24.33	27.80	0.99088	33.69	25.19	28.79
9.5	0.98721	32.19	22.69	25.87	0.98794	33.05	23.55	26.87	0.98860	33.91	24.41	27.86
10.5	0.98415	32.41	21.91	24.95	0.98509	33.27	22.77	25.94	0.98594	34.13	23.63	26.93
11.5	0.98056	32.64	21.14	24.04	0.98177	33.50	22.00	25.03	0.98285	34.36	22.86	26.01
12.5	0.97640	32.88	20.38	23.14	0.97791	33.74	21.24	24.12	0.97928	34.59	22.09	25.11
13.5	0.97160	33.13	19.63	22.25	0.97348	33.98	20.48	23.23	0.97517	34.83	21.33	24.21
14.5	0.96610	33.39	18.89	21.38	0.96840	34.24	19.74	22.35	0.97048	35.09	20.59	23.33
15.5	0.95982	33.66	18.16	20.52	0.96263	34.51	19.01	21.48	0.96514	35.35	19.85	22.45
16.5	0.95270	33.95	17.45	19.66	0.95607	34.78	18.28	20.63	0.95909	35.62	19.12	21.59
17.5	0.94466	34.24	16.74	18.83	0.94868	35.07	17.57	19.78	0.95228	35.90	18.40	20.74
18.5	0.93559	34.54	16.04	18.01	0.94037	35.36	16.86	18.95	0.94466	36.19	17.69	19.90
19.5	0.92544	34.85	15.35	17.20	0.93108	35.67	16.17	18.14	0.93610	36.49	16.99	19.08
20.5	0.91411	35.17	14.67	16.40	0.92072	35.99	15.49	17.34	0.92659	36.81	16.31	18.27
21.5	0.90150	35.51	14.01	15.63	0.90919	36.32	14.82	16.55	0.91604	37.13	15.63	17.48
22.5	0.88751	35.86	13.36	14.87	0.89642	36.66	14.16	15.78	0.90435	37.46	14.96	16.70
23.5	0.87202	36.22	12.72	14.12	0.88230	37.01	13.51	15.02	0.89143	37.80	14.30	15.93
24.5	0.85492	36.59	12.09	13.39	0.86674	37.37	12.87	14.28	0.87721	38.16	13.66	15.18
25.5	0.83603	36.98	11.48	12.68	0.84959	37.75	12.25	13.56	0.86159	38.53	13.03	14.45
26.5	0.81526	37.38	10.88	12.00	0.83073	38.14	11.64	12.86	0.84441	38.91	12.41	13.73
27.5	0.79245	37.80	10.30	11.33	0.81006	38.55	11.05	12.17	0.82560	39.30	11.80	13.03
28.5	0.76747	38.23	9.73	10.68	0.78744	38.97	10.47	11.51	0.80506	39.71	11.21	12.35
29.5	0.74019	38.68	9.18	10.05	0.76274	39.41	9.91	10.86	0.78260	40.14	10.64	11.69
30.5	0.71053	39.16	8.66	9.45	0.73582	39.86	9.36	10.24	0.75815	40.58	10.08	11.05
31.5	0.67842	39.65	8.15	8.88	0.70663	40.34	8.84	9.65	0.73164	41.04	9.54	10.44
32.5	0.64383	40.17	7.67	8.33	0.67514	40.84	8.34	9.07	0.70294	41.52	9.02	9.84
33.5	0.60687	40.71	7.21	7.80	0.64135	41.35	7.85	8.53	0.67203	42.02	8.52	9.27
34.5	0.56771	41.27	6.77	7.31	0.60529	41.89	7.39	8.00	0.63896	42.54	8.04	8.72
35.5	0.52662	41.85	6.35	6.84	0.56715	42.45	6.95	7.51	0.60379	43.08	7.58	8.20
36.5	0.48400	42.46	5.96	6.40	0.52721	43.04	6.54	7.04	0.56662	43.64	7.14	7.71
37.5	0.44033	43.09	5.59	5.98	0.48581	43.65	6.15	6.60	0.52776	44.23	6.73	7.24
38.5	0.39618	43.74	5.24	5.59	0.44338	44.28	5.78	6.18	0.48751	44.83	6.33	6.80
39.5	0.35224	44.42	4.92	5.23	0.40048	44.93	5.43	5.79	0.44627	45.46	5.96	6.38
40.5	0.30921	45.11	4.61	4.88	0.35770	45.60	5.10	5.42	0.40454	46.11	5.61	5.98
41.5	0.26777	45.82	4.32	4.56	0.31570	46.29	4.79	5.07	0.36287	46.78	5.28	5.61
42.5	0.22857	46.55	4.05	4.26	0.27508	47.00	4.50	4.75	0.32186	47.47	4.97	5.27
43.5	0.19217	47.29	3.79	3.97	0.23651	47.72	4.22	4.44	0.28211	48.17	4.67	4.94
44.5	0.15897	48.04	3.54	3.69	0.20049	48.46	3.96	4.15	0.24415	48.89	4.39	4.63
45.5	0.12926	48.80	3.30	3.43	0.16742	49.21	3.71	3.87	0.20848	49.63	4.13	4.33
46.5	0.10322	49.56	3.06	3.17	0.13758	49.96	3.46	3.60	0.17560	50.37	3.87	4.05
47.5	0.08075	50.32	2.82	2.91	0.11113	50.72	3.22	3.34	0.14572	51.13	3.63	3.78
48.5	0.06170	51.08	2.58	2.65	0.08815	51.48	2.98	3.08	0.11898	51.89	3.39	3.52
49.5	0.04585	51.84	2.34	2.40	0.06846	52.24	2.74	2.83	0.09554	52.65	3.15	3.26

IOWA CURVE ELG / VINTAGE GROUP PROJECTION LIFE TABLE
AVERAGE SERVICE LIFE AND REMAINING LIFE BY AGE FOR CURVE TYPE = R1.5

	SERVICE LIFE											
	<— PROJECTION LIFE 65.0 —>				<— PROJECTION LIFE 66.0 —>				<— PROJECTION LIFE 67.0 —>			
AGE	SURVIVOR CURVE	SER-VICE LIFE	ELG REMAIN LIFE	VG REMAIN LIFE	SURVIVOR CURVE	SER-VICE LIFE	ELG REMAIN LIFE	VG REMAIN LIFE	SURVIVOR CURVE	SER-VICE LIFE	ELG REMAIN LIFE	VG REMAIN LIFE
0.0	1.00000	33.66	33.66	65.00	1.00000	34.13	34.13	66.00	1.00000	34.60	34.60	67.00
0.5	0.99864	36.99	36.49	64.59	0.99866	37.50	37.00	65.59	0.99868	38.02	37.52	66.59
1.5	0.99587	41.11	39.61	63.77	0.99594	41.67	40.17	64.77	0.99600	42.23	40.73	65.77
2.5	0.99302	43.56	41.06	62.95	0.99313	44.14	41.64	63.95	0.99323	44.73	42.23	64.95
3.5	0.99008	45.38	41.88	62.13	0.99024	45.99	42.49	63.13	0.99039	46.59	43.09	64.13
4.5	0.98706	46.86	42.36	61.32	0.98727	47.49	42.99	62.32	0.98747	48.11	43.61	63.32
5.5	0.98394	48.14	42.64	60.52	0.98421	48.77	43.27	61.51	0.98446	49.41	43.91	62.51
6.5	0 8075	49.26	42.76	59.71	0.98106	49.92	43.42	60.71	0.98137	50.56	44.06	61.71
7.5	0.97745	50.29	42.79	58.91	0.97783	50.95	43.45	59.91	0.97819	51.61	44.11	60.91
8.5	0.97406	51.23	42.73	58.11	0.97450	51.90	43.40	59.11	0.97493	52.57	44.07	60.11
9.5	0.97058	52.11	42.61	57.32	0.97108	52.79	43.29	58.32	0.97158	53.46	43.96	59.32
10.5	0.96700	52.93	42.43	56.53	0.96758	53.62	43.12	57.53	0.96813	54.30	43.80	58.53
11.5	0.96332	53.71	42.21	55.75	0.96397	54.41	42.91	56.74	0.96460	55.10	43.60	57.74
12.5	0.95954	54.46	41.96	54.96	0.96027	55.16	42.66	55.96	0.96096	55.85	43.35	56.95
13.5	0.95566	55.18	41.68	54.18	0.95646	55.88	42.38	55.18	0.95724	56.58	43.08	56.17
14.5	0.95167	55.86	41.36	53.41	0.95256	56.57	42.07	54.40	0.95341	57.28	42.78	55.40
15.5	0.94758	56.53	41.03	52.64	0.94855	57.24	41.74	53.63	0.94949	57.95	42.45	54.62
16.5	0.94338	57.17	40.67	51.87	0.94445	57.89	41.39	52.86	0.94546	58.61	42.11	53.85
17.5	0.93907	57.80	40.30	51.11	0.94022	58.52	41.02	52.10	0.94134	59.24	41.74	53.09
18.5	0.93464	58.41	39.91	50.34	0.93590	59.14	40.64	51.34	0.93710	59.86	41.36	52.33
19.5	0.93011	59.01	39.51	49.59	0.93146	59.74	40.24	50.58	0.93276	60.47	40.97	51.57
20.5	0.92545	59.59	39.09	48.84	0.92691	60.33	39.83	49.82	0.92831	61.06	40.56	50.81
21.5	0.92067	60.17	38.67	48.09	0.92224	60.90	39.40	49.07	0.92375	61.64	40.14	50.06
22.5	0.91577	60.73	38.23	47.34	0.91746	61.47	38.97	48.33	0.91907	62.21	39.71	49.31
23.5	0.91074	61.29	37.79	46.60	0.91254	62.03	38.53	47.58	0.91428	62.77	39.27	48.57
24.5	0.90557	61.83	37.33	45.86	0.90751	62.58	38.08	46.84	0.90936	63.33	38.83	47.85
25.5	0.90028	62.38	36.88	45.13	0.90234	63.12	37.62	46.11	0.90433	63.87	38.37	47.09
26.5	0.89483	62.91	36.41	44.40	0.89704	63.66	37.16	45.38	0.89915	64.41	37.91	46.36
27.5	0.88925	63.44	35.94	43.68	0.89159	64.19	36.69	44.65	0.89385	64.94	37.44	45.63
28.5	0.88351	63.97	35.47	42.96	0.88601	64.72	36.22	43.93	0.88840	65.47	36.97	44.91
29.5	0.87762	64.49	34.99	42.24	0.88027	65.24	35.74	43.22	0.88282	66.00	36.50	44.19
30.5	0.87157	65.01	34.51	41.53	0.87438	65.76	35.26	42.50	0.87708	66.52	36.02	43.48
31.5	0.86534	65.53	34.03	40.83	0.86833	66.28	34.78	41.80	0.87120	67.04	35.54	42.77
32.5	0.85896	66.04	33.54	40.13	0.86212	66.80	34.30	41.09	0.86515	67.56	35.06	42.06
33.5	0.85239	66.55	33.05	39.43	0.85574	67.31	33.81	40.40	0.85896	68.07	34.57	41.36
34.5	0.84565	67.06	32.56	38.74	0.84919	67.82	33.32	39.70	0.85258	68.58	34.08	40.67
35.5	0.83871	67.58	32.08	38.06	0.84246	68.34	32.84	39.02	0.84606	69.10	33.60	39.98
36.5	0.83159	68.09	31.59	37.38	0.83555	68.85	32.35	38.34	0.83934	69.61	33.11	39.29
37.5	0.82427	68.60	31.10	36.71	0.82845	69.36	31.86	37.66	0.83245	70.12	32.62	38.61
38.5	0.81675	69.11	30.61	36.04	0.82116	69.87	31.37	36.99	0.82537	70.63	32.13	37.94
39.5	0.80903	69.63	30.13	35.38	0.81368	70.38	30.88	36.33	0.81812	71.14	31.64	37.27
40.5	0.80109	70.14	29.64	34.73	0.80598	70.90	30.40	35.67	0.81065	71.66	31.16	36.61
41.5	0.79295	70.66	29.16	34.08	0.79810	71.41	29.91	35.01	0.80301	72.17	30.67	35.95
42.5	0.78457	71.17	28.67	33.44	0.78999	71.93	29.43	34.37	0.79515	72.69	30.19	35.30
43.5	0.77599	71.69	28.19	32.80	0.78168	72.45	28.95	33.73	0.78710	73.20	29.70	34.66
44.5	0.76717	72.22	27.72	32.17	0.77314	72.97	28.47	33.10	0.77883	73.72	29.22	34.02
45.5	0.75814	72.74	27.24	31.55	0.76439	73.49	27.99	32.47	0.77036	74.24	28.74	33.39
46.5	0.74884	73.27	26.77	30.93	0.75541	74.02	27.52	31.85	0.76166	74.77	28.27	32.77
47.5	0.73934	73.80	26.30	30.33	0.74621	74.55	27.05	31.24	0.75276	75.30	27.80	32.15
48.5	0.72958	74.33	25.83	29.72	0.73677	75.08	26.58	30.63	0.74362	75.83	27.33	31.54
49.5	0.71959	74.87	25.37	29.13	0.72711	75.61	26.11	30.03	0.73427	76.36	26.86	30.93

IOWA CURVE ELG / VINTAGE GROUP PROJECTION LIFE TABLE
AVERAGE SERVICE LIFE AND REMAINING LIFE BY AGE FOR CURVE TYPE = R4

	SERVICE LIFE											
	← PROJECTION LIFE 65.0 →				← PROJECTION LIFE 66.0 →				← PROJECTION LIFE 67.0 →			
AGE	SURVIVOR CURVE	SER-VICE LIFE	ELG REMAIN LIFE	VG REMAIN LIFE	SURVIVOR CURVE	SER-VICE LIFE	ELG REMAIN LIFE	VG REMAIN LIFE	SURVIVOR CURVE	SER-VICE LIFE	ELG REMAIN LIFE	VG REMAIN LIFE
0.0	1.00000	61.00	61.00	65.00	1.00000	61.94	61.94	66.00	1.00000	62.88	62.88	67.00
0.5	0.99999	61.05	60.55	64.50	0.99999	61.99	61.49	65.50	0.99999	62.93	62.43	66.50
1.5	0.99998	61.11	59.61	63.50	0.99998	62.05	60.55	64.50	0.99998	62.98	61.48	65.50
2.5	0.99996	61.14	58.64	62.50	0.99996	62.08	59.58	63.50	0.99996	63.02	60.52	64.50
3.5	0.99994	61.17	57.67	61.50	0.99994	62.11	58.61	62.50	0.99994	63.05	59.55	63.50
4.5	0.99991	61.19	56.69	60.51	0.99991	62.13	57.63	61.51	0.99991	63.07	58.57	62.51
5.5	0.99987	61.22	55.72	59.51	0.99988	62.16	56.66	60.51	0.99988	63.10	57.60	61.51
6.5	0.99983	61.24	54.74	58.51	0.99983	62.18	55.68	59.51	0.99984	63.12	56.62	60.51
7.5	0.99977	61.27	53.77	57.51	0.99978	62.21	54.71	58.51	0.99979	63.15	55.65	59.51
8.5	0.99971	61.29	52.79	56.52	0.99972	62.23	53.73	57.52	0.99973	63.17	54.67	58.52
9.5	0.99963	61.32	51.82	55.52	0.99964	62.26	52.76	56.52	0.99965	63.20	53.70	57.52
10.5	0.99954	61.35	50.85	54.53	0.99955	62.29	51.79	55.53	0.99957	63.23	52.73	56.53
11.5	0.99942	61.39	49.89	53.53	0.99944	62.32	50.82	54.53	0.99946	63.26	51.76	55.53
12.5	0.99928	61.42	48.92	52.54	0.99931	62.36	49.86	53.54	0.99934	63.30	50.80	54.54
13.5	0.99912	61.46	47.96	51.55	0.99915	62.39	48.89	52.55	0.99919	63.33	49.83	53.55
14.5	0.99892	61.50	47.00	50.56	0.99897	62.43	47.93	51.56	0.99901	63.37	48.87	52.56
15.5	0.99869	61.54	46.04	49.57	0.99875	62.48	46.98	50.57	0.99881	63.41	47.91	51.57
16.5	0.99842	61.59	45.09	48.58	0.99850	62.52	46.02	49.58	0.99856	63.46	46.96	50.58
17.5	0.99810	61.64	44.14	47.60	0.99819	62.58	45.08	48.60	0.99828	63.51	46.01	49.59
18.5	0.99773	61.70	43.20	46.62	0.99784	62.63	44.13	47.61	0.99794	63.56	45.06	48.61
19.5	0.99729	61.76	42.26	45.64	0.99743	62.69	43.19	46.63	0.99755	63.62	44.12	47.63
20.5	0.99678	61.82	41.32	44.66	0.99695	62.75	42.25	45.66	0.99710	63.68	43.18	46.65
21.5	0.99620	61.90	40.40	43.69	0.99639	62.82	41.32	44.68	0.99658	63.75	42.25	45.67
22.5	0.99551	61.97	39.47	42.72	0.99576	62.90	40.40	43.71	0.99598	63.83	41.33	44.70
23.5	0.99473	62.06	38.56	41.75	0.99502	62.98	39.48	42.74	0.99529	63.90	40.40	43.73
24.5	0.99382	62.15	37.65	40.79	0.99417	63.07	38.57	41.78	0.99449	63.99	39.49	42.77
25.5	0.99279	62.24	36.74	39.83	0.99320	63.16	37.66	40.82	0.99359	64.08	38.58	41.81
26.5	0.99161	62.34	35.84	38.88	0.99210	63.26	36.76	39.86	0.99255	64.18	37.68	40.85
27.5	0.99026	62.46	34.96	37.93	0.99084	63.37	35.87	38.91	0.99138	64.28	36.78	39.90
28.5	0.98874	62.57	34.07	36.99	0.98942	63.48	34.98	37.97	0.99004	64.40	35.90	38.95
29.5	0.98701	62.70	33.20	36.05	0.98781	63.61	34.11	37.03	0.98855	64.51	35.01	38.01
30.5	0.98506	62.84	32.34	35.12	0.98599	63.74	33.24	36.10	0.98684	64.64	34.14	37.07
31.5	0.98286	62.98	31.48	34.20	0.98394	63.88	32.38	35.17	0.98494	64.78	33.28	36.14
32.5	0.98041	63.14	30.64	33.28	0.98164	64.03	31.53	34.25	0.98279	64.92	32.42	35.22
33.5	0.97763	63.30	29.80	32.37	0.97908	64.19	30.69	33.34	0.98041	65.08	31.58	34.31
34.5	0.97456	63.47	28.97	31.48	0.97621	64.36	29.86	32.44	0.97772	65.24	30.74	33.40
35.5	0.97112	63.65	28.15	30.58	0.97302	64.53	29.03	31.54	0.97476	65.41	29.91	32.50
36.5	0.96732	63.85	27.35	29.70	0.96947	64.72	28.22	30.65	0.97144	65.60	29.10	31.61
37.5	0.96309	64.05	26.55	28.83	0.96555	64.92	27.42	29.78	0.96780	65.79	28.29	30.72
38.5	0.95844	64.27	25.77	27.97	0.96121	65.13	26.63	28.91	0.96375	65.99	27.49	29.85
39.5	0.95331	64.49	24.99	27.12	0.95644	65.34	25.84	28.05	0.95932	66.20	26.70	28.99
40.5	0.94767	64.73	24.23	26.28	0.95118	65.57	25.07	27.20	0.95441	66.43	25.93	28.13
41.5	0.94150	64.97	23.47	25.44	0.94545	65.81	24.31	26.36	0.94908	66.66	25.16	27.29
42.5	0.93473	65.23	22.73	24.62	0.93915	66.06	23.56	25.54	0.94320	66.90	24.40	26.46
43.5	0.92740	65.50	22.00	23.82	0.93232	66.33	22.83	24.72	0.93683	67.16	23.66	25.63
44.5	0.91938	65.78	21.28	23.02	0.92484	66.60	22.10	23.92	0.92986	67.42	22.92	24.82
45.5	0.91075	66.07	20.57	22.23	0.91679	66.88	21.38	23.12	0.92234	67.70	22.20	24.02
46.5	0.90134	66.37	19.87	21.46	0.90802	67.17	20.67	22.34	0.91416	67.98	21.48	23.23
47.5	0.89126	66.68	19.18	20.70	0.89861	67.48	19.98	21.57	0.90537	68.28	20.78	22.45
48.5	0.88037	67.00	18.50	19.95	0.88842	67.79	19.29	20.81	0.89585	68.59	20.09	21.68
49.5	0.86873	67.34	17.84	19.21	0.87757	68.12	18.62	20.06	0.88567	68.91	19.41	20.93

PATRICIA S. LEE
CURRICULUM VITAE

QUALIFIED BY

Over 40 years of experience in reviewing and analyzing the assets of public utility companies in the electric, gas, telecommunications, and water and wastewater industries. Technical understanding of plant and equipment of telecommunications, electric, gas, and water and wastewater industries coupled with valuation, depreciation, and accounting knowledge of federal regulatory procedures and regulations.

PROFESSIONAL EXPERIENCE

03/2012 – Present

BCRI Inc. and Self

- Responsibilities include reviewing depreciation studies and basic data, and advising clients concerning recommended depreciation lives, net salvage values, resultant depreciation rates, reserve imbalances, and depreciation methods, procedures, and techniques.
- Specific regulatory experience providing expert testimony on depreciation matters includes:
  - For Chesapeake Utilities Corporation, providing expert consultation and support preparing the 2024 depreciation study for the Delaware Division. (Case No. 24-0906)
  - For Chesapeake Utilities Corporation, providing expert consultation and support preparing the 2023 depreciation studies for the Maryland Division, Sandpiper Energy, Inc., and Elkton Gas Company, and also for the consolidated company. (Case No. 9721)
  - For the Florida Public Utilities Consolidated Gas Divisions, provided expert consultation and support preparing the 2018 and 2023 depreciation studies filed with the Florida Public Service Commission.
  - For the Office of the Utilities Consumer Advocate of Alberta in the AltaLink Management Ltd. 2017 – 2018 General Tariff Application providing analysis, issue identification and support in negotiated settlement process. For the Office of the Utilities Consumer Advocate of Alberta in the ATCO Pipelines 2017 – 2018 General Rate Application providing joint written evidence. For the Office of the Utilities Consumer Advocate of Alberta in the AltaGas Utilities Inc. 2018 Depreciation Study providing joint written evidence. In the ATCO Pipelines 2019-2020 General Rate Application for the Office of the Utilities Consumer Advocate providing written testimony on depreciation related matters in conjunction with Patrick Bowman. For the Office of the Utilities Consumer Advocate of Alberta in the AltaLink Management Ltd. 2019 – 2021 General Tariff Application providing joint written evidence and oral testimony. For the Office of the Utilities Consumer Advocate of Alberta in the ATCO Electric Transmission 2020-2022 General Tariff Application providing joint written evidence. For the Office of the Utilities Consumer Advocate of Alberta in the AltaLink Management Ltd. 2022-2023 General Tariff Application providing joint written evidence.
  - For the Manitoba Industrial Power Users Group and The Coalition in the 2014/2015 and 2015/2016 Manitoba Hydro General Rate Application providing written and oral testimony.
  - For the Florida Public Utilities Electric Division, provided expert consultation and support preparing the company's depreciation study filed with the Florida Public Service Commission in 2015, 2019, and 2023 including in the agreement on appropriate life and salvage parameters, reserve position, and resultant depreciation rates.
  - For Industrial Customers of Newfoundland and Labrador Hydro in the 2012 Newfoundland and Labrador Hydro Depreciation Methodology Review providing written testimony and support in the negotiated agreement.

11/78 – 09/2011

FLORIDA PUBLIC SERVICE COMMISSION, Tallahassee, FL

Proficient in the application of principles of statistics, probability, engineering finance as related to the design of depreciation rates for utilities. Responsibilities included:

Technical

- Reviewed and analyzed depreciation rates and the capital recovery positions of Florida regulated utilities.
- Reviewed and analyzed the valuation of assets in a competitive market.
- Investigated and evaluated various valuation and depreciation methods and concepts, for example, age life, Equal Life Group, Fisher-Pry, net plant weighting, amortizations and capital recovery schedules.
- Developed use of engineering planning (short-term and long-range) as a tool in the determination of remaining life and/or capital recovery schedules.
- Determined the prudency of technologically driven change-outs of public utility assets.
- Assisted in the development of Commission rules regarding depreciation study requirements and review cycles for electric, gas, telecommunications and water and wastewater utilities.
- Investigated and developed Commission staff advisory guidelines regarding the allocation of overhead costs between capital and expense.
- Assisted in the development of Commission rules regarding stratification of depreciable plant for determination of life and salvage for gas, electric, and telecommunications companies.
- Assisted in the determination of the appropriate treatment for removal and disposal costs associated with gas service lines, nuclear decommissioning and dismantlement of fossil-fueled generating plants.
- Participated on the Tangible Personal Property Guidelines Industry/Government Task Force (Florida Department of Revenue), specifically with the development of the Life Expectancy Guidelines.
- Investigated issues arising with increasing competition in telecommunications and electric generation companies.
- Reviewed and analyzed cost studies for the purpose of determining unbundled network element prices and universal service cost levels for telecommunications companies as well as the appropriate nuclear decommissioning and fossil dismantlement annual accrual levels for electric companies.

Communication

- Prepared and presented oral and written Commission staff recommendations involving valuation and capital recovery matters in Commission depreciation and revenue rate proceedings.
- Served as Commission staff expert witness involving capital recovery matters.
- Served as member of the Comment Committee for the National Association of Regulatory Utility Commissioners (NARUC) Staff Subcommittee on Depreciation. Prepared comments for NARUC regarding various reports and orders issued by the Federal Communications Commission in the matter of simplification of the depreciation prescription process for telecommunications companies.
- Interfaced with staff of Federal agencies and other State Commissions, consulting firms, regulated and non-regulated companies and municipalities, and within the Commission.
- Presented depreciation accounting training at the 1993 - 1998 NARUC Annual Regulatory Studies Program - Michigan State University.
- Conducted depositions and cross examination of depreciation witnesses as a Class B Practitioner.
- Made oral presentations to the Society of Depreciation Professionals and the United States Telephone Association regarding various telecommunications, electric, and gas issues.
- Co-authored Public Utility Depreciation Practices, published August, 1996.
- Co-authored Florida Commission staff depreciation training manual.
- Conducted Commission in-house depreciation training.

EDUCATION

B.S., Mathematics, APPALACHIAN STATE UNIVERSITY - Boone, North Carolina, 1970

AFFILIATIONS

Society of Depreciation Professionals member

Chair and Vice Chairperson - NARUC Staff Subcommittee on Depreciation

1998 Chair of Ethics & Standards Committee, 1997 Past President, 1996 President, 1995 Vice President, 1994 Treasurer - Society of

Depreciation Professionals
Faculty Member - NARUC Annual Regulatory Studies Program; 1993-1998
President, National Conference of Regulatory Utility Commission Engineers

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served upon the following by Electronic Mail this 30th day of April, 2025.

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By: _____

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