Gunster

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August 5, 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:

Attached for filing, please find Florida City Gas's Revised Attachment A to its Petition of February 24, 2025, which is the Depreciation Study Narrative and Schedules A-E of the Workbook. The changes reflected in the attached also modify the amounts reflected in Paragraph 6 of the Company's February 24, 2025 Petition, such that the revised annual depreciation expenses are about $5.6 million, a net decrease of about $12.2 million compared to current depreciation rates inclusive of the proposed amortization of certain account reserve deficiencies and the proposed amortization of the total reserve surplus of $22.3 million.

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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ENCL

CC:// (certificate of service)

FLORIDA CITY GAS

2025 Depreciation Study

Revised August 5, 2025 *(Revisions in bold/highlight Table 1)*

Florida City Gas ("FCG" or "Company") is a natural gas local distribution company providing sales and transportation of natural gas, and, since December 2023, is a wholly owned subsidiary of Chesapeake Utilities Corporation ("CUC")[7]. Prior to that, FCG was owned by Florida Power & Light Company. The Company currently serves 120,000 residential, commercial and industrial natural gas customers in eight counties, including Brevard, Broward, Hendry, Indian River, Martin, Miami-Dade, Palm Beach and St. Lucie. FCG's current authorized depreciation rates were approved in Order No. PSC-2023-0177-FOF-GU, issued June 9, 2023 in Docket No. 20220069-GU.

Rule 25-7.045(4)(a), Florida Administrative Code ("F.A.C.") requires regulated gas utilities to file a depreciation study "at least once every five years from the submission date of the previous study. . ." The submission date of the 2022 Depreciation Study was May 31, 2022. CUC's purchase of FCG has led to a review of FCG's depreciation rates and recovery position.

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. An implementation date of January 1, 2025 is recommended for the revised depreciation rates set forth in the 2025 Depreciation Study ("2025 Study" or "Study"). All data and calculations provided in the Study support this recommended date.

The 2025 Study workbook includes the following supporting schedules:

- **Schedule A: Schedule of Remaining Life Accrual Rates and Amortization** summarizes investments and reserves on January 1, 2025, proposed depreciation components and calculated life accruals and rates by account, function, and total plant.
- **Schedule B: Comparison of Current and Proposed Depreciation Components** compares the current and proposed depreciation components for each account. The components include average service life, age of surviving investments on January 1, 2025, curve shape[8], and average remaining life.
- **Schedule C: Comparison of Current and Proposed Depreciation Rates** compares the current and proposed depreciation rates as of January 1, 2025 for each account. The proposed rates are based on the January 1, 2025 reserve percentages restated after proposed reserve transfers, remaining lives, and net salvage factors.

[7] FCG was a subsidiary of Florida Power & Light Company prior to December 2023.

[8] Curve shape (Iowa Curve, survivor curve, or mortality dispersion) – a graphical picture of the amount of property surviving at each age through the life of the property group. The graph plots the % surviving on the y-axis and the age on the x-axis. The survivor curve depicts the expected retirement distribution (or survival distribution) of plant in an account over time.

- **Schedule D: Comparison of Annual Depreciation Expenses** compares the resultant expenses for each account between the current and proposed remaining life depreciation/amortization rates based on January 1, 2025 investments.
- **Schedule E: Comparison of Accumulated Book Reserve and Theoretical Reserve** compares the January 1, 2025 book reserve to the calculated theoretical reserve for each non-amortizable account based on the proposed depreciation rates and components.
- **Schedule E-1: Amortizable Plant Reserve Deficiency Amortization Calculation** compares the January 1, 2025 book reserve to the calculated theoretical reserve for each amortized account based on the proposed depreciation rates and components and provides the amortization of the reserve deficit associated with amortizable plant accounts.
- **Schedule E-2: Reserve Surplus Amortization Calculation** provides the amortization details for non-amortized plant accounts.
- **Schedule E-3: Proposed Reserve Transfers** provides the details for reallocation of reserve balances to eliminate negative reserves.
- **Schedule F: Aged Retirements** provides aged retirements for each account and year from 2021 through 2024 adjusted for any missed retirements.
- **Schedule F-1: Retirement Rates** provides retirement rates for each account and year from 2021 through 2024. Historical retirement rates are shown on Schedule P.
- **Schedule G: Plant in Service and Reserve Summaries** provides plant and reserve activity for each year 2021 through 2024. All study adjustments for investment and reserve were added to Schedule G 2024 and are detailed on Schedules J and K.
- **Schedule H: Office Furniture, Equipment, And Software Average Age Calculations** compiles office and computer investments as of January 1, 2025 and computes the average age calculations by proposed subaccounts:
  - 3910 - Office Furniture and Equipment - Office Eq.,
  - 3912 - Office Furniture and Equipment - Computer Hardware,
  - 3913 - Office furniture and equipment - Furniture, and
  - 3914 - Office Furniture and Equipment - Software.

  For consistency across all CUC business units and administrative ease, the subaccounts reflect the same subaccounts utilized by all CUC-Maryland's consolidated natural gas divisions[9] and CUC-Florida Public Utilities Company's consolidated natural gas division[10]. These subaccounts have been proposed for CUC-Delaware.[11]
- **Schedule I: Transportation Accounts Average Age Calculations** compiles transportation investments as of January 1, 2025, and computes the average age calculations by the proposed subaccounts:
  - 3921 - Transportation Equip. - Cars,

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[9] See Order No. 91242, issued July 24, 2024, in Case No. 9721, *Chesapeake Utilities Corporation, Sandpiper Energy, Inc. and Elkton Gas Company's Joint Petition for Approval of Changes in their Depreciation Rates.*

[10] Order No. PSC-2023-0103-FOF-GU, issued March 15, 2023, in Docket No. 20220067-GU, *In re: Petition for rate increase by Florida Public Utilities Company, Florida Division of Chesapeake Utilities Corporation, Florida Public Utilities Company - Fort Meade, and Florida Public Utilities Company – Indiantown Division.*

[11] See Rate Case filed August 12, 2024, in PSC Docket No. 24-0906, *In the Matter of the Application of Chesapeake Utilities Corporation for a General Increase in its Natural Gas Rates and for Approval of Certain Other Changes to its Natural Gas Tariff.*

- 3922 - Transportation Equip - Light to Medium Duty Trucks, SUVs, and Vans,
- 3923 - Transportation Equip. - Heavy Duty Vehicles, and
- 3924 - Transportation Equip. - Trailers.

For consistency across all CUC business units and administrative ease, these subaccounts are the same ones approved for CUC's Maryland and Florida consolidated natural gas divisions and proposed for CUC-Delaware.

- **Schedule J: Average Age Calculations** summarizes the adjustments made to the 2025 Study for misclassified, missing, or unsupported investments and retirements and computes the January 1, 2025 average age of surviving investments for each account.
- **Schedule K: Reserve Adjustments** summarizes the adjustments made to the 2025 Study for misclassified, missing, or unsupported assets, retirements, and net salvage for each account.
- **Schedule L: Net Salvage Percentage Computation** provides net salvage activity from 2021 through 2024 adjusted to reflect corrections for missed or misclassified retirements and net salvage.
- **Schedule M: 2022 Study Reserve Surplus Calculation by Account** provides the 2022 Study reserve surplus calculation with allocation of the surplus amount authorized for use by account.
- **Schedule N: Cumulative Reserve Surplus Applied by Year** provides the amount of the applicable surplus utilized from 2023 to 2024.
- **Schedule O: Historical Plant 2004-2024** provides the historical plant data from 2004 to 2024 for each account, identifying annual additions, retirements, and Transfers/Adjustments.
- **Schedule P: Historical Retirement Rates 2004-2024** provided the historical retirement rates from 2004 to 2024 for each account on an annual, overall, and 5-year average.
- **Schedule Q: Historical Net Salvage Analysis 2004-2024** provides the historical net salvage activity from 2004 to 2024 for each account. Net salvage is expressed as a percentage of total retirements on both an annual and 3 year rolling average with the most 5-year average also provided.

During the course of this Study, it was discovered that some immaterial prior period adjustments needed to be made for additions discovered to have been recorded in a wrong account and retirements discovered to not have been recorded. All adjustments made to the Study are summarized by account on Schedule J and Schedule K of the workbook. These adjustments will be reviewed by the Company and flow through to Schedule G 2024, under the Adjustment column. For depreciation study purposes, the investments and reserves shown on Schedules A - E reflect these corrections.

The retirement rate[12] 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. Because FCG has a similar operating and

[12] Retirement rate = retirements/exposures = [retirements during the year/ (end of year plant balance + retirements) x 100.

regulatory environment to other gas utilities in Florida, as compared to those in other states, comparisons with life and salvage factors of other gas utilities in Florida are appropriate and reasonable. The estimated curve shapes for most accounts reflect the retirement rates and the range of lives and curve shapes used for other regulated gas utilities in Florida.

The aged retirement data and the average age distributions, along with the lives of the other Florida gas utilities, were used to determine if a revision to the average service life underlying the existing average remaining life for each account is needed. Also, a review of the existing survivor curve for each account was performed to determine if a modification is warranted based on the average age and actual or expected retirement experience. The average service life (projection life) and January 1, 2025 average ages for each account were used with the selected Iowa Curve life table[13] to determine the average remaining life.

For the General Plant accounts, this Study proposes new subaccounts for Account 3910, Office Furniture and Equipment, and Account 3920, Transportation Equipment, to be consistent across all CUC gas distribution business units.[14] Additionally, the amortization periods for the vintage group general plant amortizable accounts are proposed to be revised based on judgement, discussions with Company personnel, and consistent with those approved for CUC's Florida Public Utilities consolidated natural gas divisions and Maryland business units and proposed for CUC-Delaware natural gas business unit.

RESERVE SURPLUS

Rule 25-7.045(5)(d), Florida Administrative Code ("F.A.C.") requires that a depreciation study include a comparison of the calculated theoretical reserve[15] to the book reserve for each account. This comparison is provided in the attached workbook, Sch E and Sch E-1 p 2 AP Theo Res. The difference between the book reserve and the theoretical reserve is called a reserve imbalance, and can either be a deficit or a surplus.[16] A reserve deficiency of $7,586 exists for the amortizable accounts as shown on Sch E-1 p 2 AP Theo Res. This deficiency is the result of proposing new amortization periods that are uniform across all CUC natural gas distribution business units. A theoretical reserve analysis for all other FCG accounts is shown on Sch E and indicates a reserve surplus of **$22,361,123**. The net reserve surplus is **$22,353,537.** FCG proposes to amortize this net surplus over a period of two years. This will have the effect of reducing depreciation expenses for

[13] The Life Tables used were obtained from GTE-INC. They can also be replicated form other sources. See Frank K. Wolf and W. Chester Fitch, *Depreciation Systems*, Iowa State University Press, 1992, p. 40 and Appendix 1, pp. 305-338; Robley Winfrey, *Bulletin 125: Statistical Analyses of Industrial Property Retirements*, 1935 as revised 1967, Iowa State University Engineering Publications and Communications Services, pp. 102-106; Robley Winfrey, *Bulletin 155: Depreciation of Group Properties*, 1942, Iowa State University Engineering Publications and Communications Services, pp. 124-127.

[14] Schedules H and I of the attached workbook shows an asset listing and age calculation for each of the new subaccounts.

[15] The theoretical reserve is determined from the proposed estimated remaining life of the group, the total life of the group, and the estimated net salvage. The formula is TR = 100-WLR(ARL)-NS.

[16] A reserve deficit or deficiency is when the book reserve is less than the calculated theoretical reserve. A reserve surplus exists when the book reserve is more than the theoretical reserve.

the amortization period resulting in the added benefit of delaying the expense of a rate proceeding now.

It is desirable for the depreciation book reserve to conform to the calculated theoretical reserve as closely as possible. Under the remaining life depreciation rate design, any reserve imbalance is corrected over the remaining life of the associated investment. If there is an implied reserve deficit, the remaining life rate will be higher to make up the under accrual in the future. Conversely, a reserve surplus will result in a lower depreciation rate as too much has been recovered to date and there is less to recover in the future.

The presence of a reserve imbalance indicates the existence of an intergenerational inequity. The depreciation expenses of the past were based on life and net salvage factors now viewed to be too short. This misstatement should be corrected now to reduce the misstatement into the future. The quicker the imbalance is addressed the greater the likelihood that ratepayers who may have overpaid depreciation expense will have a chance of benefitting either through reserve transfers between accounts or an amortization. Allowing FCG to amortize its reserve imbalance over two years will result in a return to the matching principle as quickly as the Company is able to do so.

The Commission's policy with respect to reserve imbalances is to correct them as soon as possible without adversely impacting a company's ability to earn a fair and reasonable return as well as considering any negative impacts on the Company's financial integrity and ratepayers.[19] The Commission has also targeted overearnings in the past to book additional depreciation expense, thereby lowering reported earnings and bringing them in line with the allowed rate of return.

The National Association of Regulatory Commissioners ("NARUC") depreciation manual states that if a reserve imbalance is material, common methods for correcting the imbalance are either through an amortization period over an abbreviated period of time or through the use of remaining life depreciation rates. NARUC does not quantify what constitutes a "material" imbalance.

FCG notes that the Commission has approved amortization of reserve imbalances over a shorter period than the remaining life.[20] Whether the imbalance is a deficiency or a surplus, the rate base

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[19] Order No. PSC-01-2270-PAA-EI, issued November 19, 2001, in Docket No. 010699-EI, *In re: Request for approval of implementation date of January 1, 2002, for new depreciation rates for Marianna Electric Division by Florida Public Utilities*, p. 2.

[20] As an example, see 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*, where 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." Also, 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(1)(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 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, determining that the reserve surplus should be amortized over 4 years.

is misstated and should be corrected. The remaining life depreciation rate self-adjusts and corrects any reserve imbalance over the remaining life of the associated plant. The Commission has addressed reserve imbalances through the use of reserve transfers or allocations within the same function. Reserve transfers are not a restatement of depreciation reserve, but rather a reallocation of the amount in the accounts. For example, FCG is proposing a reserve transfer from Account 3762, Steel Mains, to correct the negative reserve balance[21] in Account 3821, Meter Installations-ERT, Sch A and Sch E-3 of the attached workbook.

There are numerous cases where the Commission has approved amortization of reserve imbalances over a period shorter than the remaining life. A proposed amortization of the net reserve surplus is conceptually the same as prior Commission actions for Florida Power & Light Company ("FPL") and Florida Progress Energy ("PEF"). Order No. PSC-96-0461-FOF-EI[22] authorized FPL to record additional depreciation expenses to correct a reserve deficiency associated with FPL's nuclear production facilities, with any residual expense to be applied to other production facilities. In the PEF 2002 Rate Case Settlement Order,[23] PEF agreed to a credit to depreciation expense, essentially an annual amortization. In its 1997 depreciation study,[24] Florida Power Corporation ("FPC") was ordered to amortize the gain realized from the sale of a combustion turbine, to offset a reserve deficiency at a peaking plant. In the FPL 2005 Rate Case Settlement Order, FPL was authorized to amortize an amount of its reserve surplus annually as a credit to depreciation expense and a debit to the bottom-line depreciation reserve over the term of the Settlement.

In sum, FCG has identified a reserve surplus of $**22.4** 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. This will have the effect of reducing depreciation expenses for the amortization period with the added benefit of further delaying the expense of a rate proceeding.

The results of the 2025 Study are summarized below by function and are based on adjusted plant and restated reserve balances as of January 1, 2025.

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[21] A negative reserve balance caused by plant retiring earlier than the related average service life creates a positive component in rate base upon which the Company earns a return until it is corrected.

[22] Order No. PSC-96-0461-FOF-EI, issued April 2, 1996, in Docket No. 950359-EI, *In re: Petition to establish amortization schedule for nuclear generating units to address potential for stranded investment by Florida Power & Light Company.*

[23] Order No. PSC-2002-0655-AS-EI, issued May 14, 2002, in Docket No. 000824-EI, *In re: Review of Florida Power Corporation's earnings, including effects of proposed acquisition of Florida Power Corporation by Carolina Power & Light* and Docket No. 020001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.* (PEF 2002 Rate Case Settlement Order).

[24] Order No. PSC-98-1723-FOF-EI, issued December 18, 1998, in Docket No. 971570-EI, *In re: 1997 Depreciation Study by Florida Power Corporation.* (FPC 1997 Depreciation Order)

Table 1: Summary of Depreciation Study Results

Function	Restated Book Investment 1/1/2025	Restated Theoretical Reserve 1/1/2025	Proposed ASL	Proposed Rates	Proposed Annual Accruals	Current Annual Accruals	Change in Expense
Intangible Plant	$9,071,097	$1,582,461	18.6	5.39	$488,997	$523,730	($34,733)
Storage Plant	$60,013,891	$1,200,277	50.0	2.00	$1,200,278	$1,200,277	$1
Distribution Plant	$597,640,812	$164,302,791	57.5	2.27	$13,590,464	$14,296,870	($706,406)
General Plant	$29,975,107	$8,436,046	18.7	4.83	$1,448,313	$1,758,283	($309,970)
Total Depreciable Plant	**$696,700,906**	**$175,521,575**	**50.9**	**2.40**	**$16,728,051**	**$17,779,160**	**($1,051,109)**
	2 Year Reserve Deficiency Amortization				($11,176,769)	$0	($11,176,769)
	Total Accruals with Reserve Deficiency Amortization				**$5,551,282**	**$17,779,160**	**($12,227,878)**

The Intangible Plant's investment and accrual balances were updated to reflect the amounts originally filed in the Study's Workbook.

The 2025 Study workbook includes plant and reserve balances as of January 1, 2025 (Schedules A and G 2024); aged retirements for each plant account for 2021-2024 (Schedule F); calculated average ages as of January 1, 2024 (Schedule J), with an aged Office Furniture and Equipment and vehicle listing (Schedules H and I). The Company uses its continuing property record ("CPR") system to develop average ages of surviving investments for each account (Schedules H, I, and J).

In sum, the proposed depreciation rates and general plant amortizations result in annual depreciation expenses of about $\underline{\$5.6}$ million, a net decrease of about $ $\underline{12.2}$ million compared to current depreciation rates inclusive of the proposed amortization of certain account reserve deficiencies and the proposed amortization of the total reserve surplus mentioned above.

Schedule D indicates that the decrease in depreciation expenses is found in the distribution plant accounts, mainly in Plastic Services, Account 3801, Meters, Account 3810, and Meters-ERT, Account 3812. These three accounts comprise 26% of the distribution investment and 23% of the total FCG's plant investment. The decrease in depreciation expenses for Plastic Services, Meters and Meters-ERTs are all due to inverse changes in life expectations.

Recognizing that the proposed average service life for each plant account represents an estimate of the future life expectancy of the associated investment, the proposed average remaining lives reflect rounding of lives greater than 20 years to the nearest year and rounding lives less than 20 years to the nearest tenth of a year. It is not considered necessary to be any more precise when dealing with estimates.

ACCOUNT ANALYSIS AND PROPOSALS

INTANGIBLE PLANT

FCG requests approval to establish the following Intangible Plant accounts and adopt amortization over the number of years specified below. Based on discussions with the Company, CUC would

like to move towards uniform amortization periods for all intangible software applications that are shared by all business units across all of CUC. This will allow the Company to streamline business processes and reduce administrative burdens across all CUC business units. This study reviewed historical, current, and prospective intangible software information for all of CUC's natural gas business units to determine a reasonable amortization period for recovery of the software investments. To date, these accounts and amortization periods have been approved for CUC-Maryland's consolidated gas companies[17], CUC-Florida Public Utilities Company's consolidated electric division[18], CUC-Florida Public Utilities Company's consolidated natural gas division[19], and are currently proposed for CUC-Delaware natural gas division[20].

Account 3031 – Miscellaneous Intangible Plant - 15 Years - Software

The restated investment and reserve as of January 1, 2025 are $2,126,505 and $297,711, respectively, and represent a proposed reclassification of customized software from Account 30302 to Account 3031, Miscellaneous Intangible Plant. The specific software applications are: Business Case Authorization (BCA) Portal Enhancements, Cognizant Power BI Enhancements, Damage Prevention Program, and Gastar Gas Management System.

- BCA portal is used to populate new accounts and controls the data flow into several FCG databases. The costs of enhancing the system is included in this account. System portal enhancements added functionalities to allow more data details for new and existing customers and improved data flow/integration into other FCG systems.

- Cognizant Power BI Enhancements are custom analytical algorithms, operational metrics and dashboards created for Power BI to enhance the sharing of data between systems and processes that will assist with quality control measurement and efficiency improvements.

- Damage Prevention Program software is used to help prevent underground asset damage by providing field operatives with real-time, up-to-date facility locating and marking data.

  GASTAR is used to manage natural gas information from all points of the natural gas supply chain to streamline FCG's business process. It was specifically designed to provide all necessary data to the marketers (TPS) to transact and manage FCG's business within

[17] See Order No. 91242, issued July 24, 2024, in Case No. 9721, *Chesapeake Utilities Corporation, Sandpiper Energy, Inc. and Elkton Gas Company's Joint Petition for Approval of Changes in their Depreciation Rates.*
[18] Order No. PSC-2023-0384-PAA-EI, issued December 21, 2023, in Docket No. 20230079-EI, *In re: Petition for approval of 2023 depreciation study by Florida Public Utilities Company.*
[19] Order No. PSC-2024-0366-PAA-GU, issued August 19, 2024, in Docket No. 20240060-GU, *In re: Petition for approval to establish new regulatory subaccounts, amortization rates, and reclassification of associated investment and reserve balances, by Florida Public Utilities Company.*
[20] Delaware Public Service Commission, Docket No. 24-0906, *In the matter of the application of Chesapeake Utilities Corporation for a general increase in its natural gas rates and for approval of certain other changes to its natural gas tariff,* filed August 12, 2024.

the rules of the current tariff. The integrated system is cloud-based and was placed into service in 2019.

Given these software applications were being amortized at 12 years, at the time of acquisition, FCG proposes a 15-year amortization period to align the amortization with all of CUC's other natural gas business units. An average age of 2.1 years results in a remaining amortization period of 12.9 years for the January 1, 2025 embedded net investment of **$1,828,794**.[53] For subsequent vintages, a 15-year amortization period equating to a 6.67 % depreciation/amortization rate is proposed.

Account 3032 – Miscellaneous Intangible Plant - 20 Years - CIS/ERP Systems

This account includes the cost of cloud-based software assets with an estimated life expectancy of 20 years. The restated investment and reserve as of January 1, 2025 are $6,944,592 and $1,284,750, respectively.

CUC is actively consolidating the different core business processes of its Delaware, Florida, and Maryland companies into single platforms that can be utilized by all business units. The new state-of-the-art Customer Information System ("CIS") was placed into service in 2024 and Enterprise Resource Planning ("ERP") system is expected to be operational in 2026. The allocated cost of the new CIS system is $1.1 million[33] and the ERP system is currently estimated to be $3.2 million[34].

The new CIS platform will be capable of providing enhanced accounting tools, cross-functional communication, data tracking and analyses, and other business processes in the areas of customer service, billing and information, financial performance, supply chain/inventory, human resources, and asset management. Additionally, it will provide CUC a more flexible platform for enhancing the customer experience with a new set of customer service and communication tools. Being a cloud-based platform, the new CIS will be continuously updated and maintained.

ERP is a type of business process management software that includes procurement, cash management, and the general ledger in an integrated system. The benefits of the software include improved reporting; increased productivity, efficiency, and integration of information; faster responses to inquiries and better customer satisfaction; standardization and centralization of data that is secure and reliable; reduced processing time; better decision making and higher return on investment; and better communication and increased sharing of information across different departments. Like the new CIS platform, ERP is cloud based and will be continuously updated and maintained.

FCG was authorized by the Florida Public Service Commission to establish a new subaccount 303.20, for the purposes of recording Starnik Customer Information System assets at an annual

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[53] The embedded net investment has been corrected to reflect the January 1, 2025 investment less reserve. There is no change to the Study Workbook.

[33] The cost allocation for the new CIS is based on customer count.

[34] The cost allocation for ERP is based on the Distrigas allocation methodology using revenues, gross plant, and direct labor.

depreciation rate of 5 percent[24]. CUC proposes that the cost of these systems be recorded in the same account, Account 3032, Miscellaneous Intangible Plant, and amortized over a period of 20 years, based on judgement and discussions with Company personnel. The Company requests that the amortization period for ERP be implemented at its in-service date.

STORAGE PLANT

The storage plant accounts (Accounts 3642, 3643, 3645, and 3646) are associated with a liquefied natural gas (LNG Facility) placed in service in 2023.[25] The assets include truck loading facilities, three 90,000-gallon storage tanks, and vaporization equipment. The combined investment and theoretical restated reserve balances at December 31, 2024 are $60,013,891 and $1,200,277, respectively. Over 99% of the Storage Plant investment is in Account 3646, Compressor Station Equipment.

Depreciation rates and parameters were initially prescribed in the 2017 Depreciation Study with a 50-year average service life and zero net salvage with an S4 curve shape to apply when those assets went into service in 2023. At this time there is insufficient historical data on which to perform statistical analyses. Based on judgment, the type of assets, and intended operations, this Study recommends continued use of a 50-year average service life with the S4 Iowa Curve (dispersion).

This account includes any salvage and removal related to structures and other types of equipment used connection with liquefied natural gas terminaling and processing operations. While it is reasonable to expect cost of removal to exceed salvage, there is no basis at this time to propose such. Continued use of a zero net salvage is proposed at this time and will be evaluated as actual experience is incurred in the future.

DISTRIBUTION PLANT

ACCOUNT 3743: RIGHT-OF-WAY

This account contains the cost of easements and right-of-ways associated with distribution property, mainly mains and services. The investment and theoretical restated reserve as of January 1, 2025 are $11,132 and $4,618, respectively. There is currently no life or salvage prescribed for these investments.

Easements and right-of-way usually have no end date and are held in perpetuity or until the underground facilities are abandoned, it is not uncommon to have a very limited level of retirements making the results of statistical analyses for life or salvage meaningless. For these reasons, the life of this account should reflect the longest-lived distribution asset account, Plastic

[24] Order No. PSC-2020-0489-PAA-GU, issued December 11, 2020, in Docket No. 20200191-GU, *In re: Petition for approval of amortization rate for Stamik customer information system and other software accounting adjustments, by Florida City Gas.*
[25] The LNG Facility is located in Homestead.

Mains, Account 3761. Based on the type of assets in this account and judgement, this Study proposes an average service life of 75 years with a SQ mortality dispersion. Taken together with an average age of 31 years results in a proposed average remaining life of 44 years.

A 0% net salvage is common for this type investment and is proposed as reasonable for this account.

ACCOUNT 3750: STRUCTURES AND IMPROVEMENTS

This account is comprised of structures and improvements related to gas distribution operations. The investment includes the cost of all buildings and fixtures permanently attached to structures like fencing, paving and small communications buildings rather than larger pre-fab or masonry buildings. The investment and theoretical restated reserve balances at January 1, 2025, are $273,829 and $38,884, respectively. The average service life underlying the current prescribed average remaining life is 33 years with an L0 curve.[26]

There have been no retirements reported during the 2021-2024 period and the retirement rate for the 2004-2024 period averaged 7.73% with only three years, 2009, 2010, and 2017, experiencing any retirements. Other Florida gas utilities estimate average service lives ranging from 33 years to 40 years, averaging 35 years. The 2022 Depreciation Study[27] proposed a 35-year average service life with an R4 curve. That Study found that the statistical analysis indicated a similar service life to that proposed in the 2017 Depreciation Study[28] with a lower mode curve. A 35-year R4 curve was proposed as being a reasonable fit to the historical data once less consideration was given to larger retirements in 2017. Based on the above, this Study proposes that the 35-year R4 curve as proposed in the 2022 Study is reasonable. Using an average age of 4.8 years results in an average remaining life of 30 years.

The currently approved net salvage is 0%. As noted in the 2022 Depreciation Study, there is limited data for this account, and therefore no statistical support for a change in net salvage. Estimates for gas utilities in Florida range from 0% to (5)%, averaging (1)%. At this time, FCG proposes no change to the existing net salvage factor. FCG's next depreciation study will examine future trends in this account.

ACCOUNT 376: MAINS

FCG currently has nearly 1,747 miles of cathodically protected steel mains and 2,133 miles of plastic mains.

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[26] Order No. PSC-2023-0177-FOF-GU.
[27] The 2022 Depreciation Study was prepared by Gannett Fleming Valuation and Rate Consultants, LLC in Docket No. 20220069.
[28] See Order No. PSC-2018-0190-GU, issued April 20, 2018, in Docket No. 20170179, *In re: Petition for rate increase by Florida City Gas,* p.36.

ACCOUNT 3761: MAINS – PLASTIC

This account includes the cost of gas distribution plastic mains. Plastic mains are used for pressures of 60 PSI and below. FCG has a program to replace mains running through less assessable parts of customer property (e.g., backyards) with mains located in more accessible areas. The January 1, 2025 investment and theoretical restated reserve balances are $237,376,057 and $41,659,498, respectively.

Regarding the life of plastic pipe, some studies project lives as long as 100 years, but they often do not factor in operational realities. Moreover, the studies do not consider external factors such as soil conditions, system operating pressures, maintenance procedures, street widening, system growth and forces of nature that will impact life expectations. Factoring these things in as well as the replacement of the early vintage plastic pipe and first-generation coated steel pipe, a 75-year average service life for the account remains reasonable.

The average service life and curve shape underlying the currently approved average remaining life are 75 years with an R2 Iowa Curve. The retirement rate for the 2004-2024 period averaged 0.20% with the most recent 2021-2024 period averaging 0.24%. This data indicates a higher mode curve than the underlying R2 curve. FCG proposes retaining the 75-year average service life but changing to an **R2.5** curve shape as being in line with the historical miniscule retirements **tempered with future retirement expectations** of early vintages of plastic pipe **and the replacement of mains running through less assessable parts of customer property (e.g., backyards) with mains located in more accessible areas.** Using these parameters with a January 1, 2025 average age of 10.4 years results in a proposed average remaining life of 65 years.

Mains are typically retired in place. However, there are costs to retirements due to the need to excavate, cut, cap, and purge gas from the retired pipe. The currently approved net salvage is (33)%. The overall 2004-2024 average net salvage is (70)% with the most recent 2021-2024 period averaging (30)%. FCG proposes (30)% net salvage is in line with recent trends, easier accessibility to retired pipe, and expectations of other Florida gas companies. FCG's next depreciation study will examine future trends in this account.

ACCOUNT 3762: MAINS – STEEL

This account includes the cost of gas distribution steel mains. The January 1, 2025 investment and restated reserve balances are $143,280,076 and $52,727,068, respectively. FCG has a program to replace mains running through less assessable parts of customer property (e.g., backyards) with mains located in more accessible areas. All FCG steel mains are cathodically protected. When a steel main is retired, it is generally replaced with plastic unless the pressure requires steel. Mains are generally retired due to service connections, shallow pipe, or poor lining, as well as external factors such as damage, customer requested relocations, dig-ins, city or State relocations. The Company is replacing early vintage polymer pipe ("Orange Pipe") through the Safety, Access, and Facility Enhancement ("SAFE") Program due to safety concerns.

The average service life underlying the current approved average remaining life is 65 years with an R1.5 curve shape. The retirement rate for the 2004-2024 period 0.26% with the most recent

2021-2024 period averaging 0.49%. This lack of retirement activity makes statistical analysis results meaningless for life and salvage determinations. Other regulated Florida gas utilities have average service life expectancies in the range of 45 years to 65 years, averaging 54 years. Based on Company input and judgement, no change to the existing 65 years average service life is proposed. **While historical retirements have been miniscule, recent years indicate an increase in retirement rates. Recognizing future expectations of retiring early vintage orange pipe due to safety concerns as well as the Company's program to replace mains running through less assessable parts of customer property (e.g., backyards) with mains located in more accessible areas, an R2.5 curve shape is proposed.** Using the current average age of 21.5 years results in an average remaining life of **46** years.

Mains are typically retired in place. However, there are costs to retire due to the need to excavate, cut, cap, and purge gas from the retired pipe. The currently approved net salvage is (50)%. The overall average net salvage is (146)% with the most recent 2021-2024 period averaging (64)%. Even though removal costs have historically been high, the costs have continually decreased over time. FCG believes these costs should continue to decrease and proposes (40)% net salvage. Other gas companies in Florida have approved net salvage factors ranging from (30)% to (60)%, averaging (40)%. FCG proposes (40)% net salvage in line with recent trends, easier accessibility to retired pipe, and expectations of other Florida gas companies. FCG's next depreciation study will examine future trends in this account.

ACCOUNT 378: MEASURING AND REGULATING STATION EQUIPMENT - GENERAL

This account includes the installed cost of meters, gauges and other equipment used in measuring and regulating gas in connection with distribution system operation other than the measurement of gas deliveries to customers. The January 1, 2025 investment and theoretical restated reserve are $2,556,627 and $492,151, respectively, and represents only 0.4% of the total distribution plant investment.

FCG's regulator stations are above ground stations with most of the equipment typically outside. Stations that are located closer to the coast are more subject to corrosion and may be replaced at earlier ages than stations located more inland. Many of the assets are similar to those in Account 379, Measuring and Regulating Station Equipment – City Gate, although they differ in size.

The current-approved average service life for general measuring and regulating equipment is 40 years with an R1.5 curve shape. The retirement rate during the 2021-2024 period averaged 0.11%. In fact, this account has experienced limited retirements historically. There has only been one retirement during the 2004-2024 period. This makes results of statistical analyses meaningless and reliance on projections of other Florida gas utilities warranted. The existing approved life is in line within industry expectations and FCG proposes no change. However, an S3 curve shape is proposed as a better fit with the historical miniscule retirements. Using the current average age of 7.5 years results in an average remaining life of 33 years.

There has been limited retirement and net salvage data for this account, but some cost of removal has been incurred mostly without any retirements. The existing approved net salvage is (10)%. The overall net salvage has averaged (369)% with the 2021-2024 averaging (175)%. Given that this

data is based on a relatively small number of retirements, the Company does not believe it is indicative of future expectations. Net salvage estimates for other gas companies in the State range from (2)% to (20)% averaging (9)%. FCG proposes no change to the current-approved net salvage of (10)%. FCG's next depreciation study will examine future trends in this account.

ACCOUNT 3790: MEASURING AND REGULATING STATION EQUIPMENT – CITY GATE

This account is composed of city gate distribution measuring and regulating station-related piping, regulators, control, odorizers, and other equipment.[29] Assets in this account are at locations where FCG interconnects and takes gas from transmission pipelines. Most equipment is outdoors rather than in buildings. The January 1, 2025 investment and restated theoretical reserve balances are $17,746,190 and $5,075,410, respectively. The average service life underlying the currently approved average remaining life of 40.64 years is 50 years with an R2.5 curve shape. The average age of the surviving investment is 13.8 years.

FCG continues capital improvements rebuilding and renewing existing gate stations. New gate stations should be expected to last longer than the older ones.

The account has experienced limited retirements making the results of statistical analyses meaningless. In fact, during the 2004-2024 period, retirements were incurred in only four years, the largest occurring in 2024. This data makes reliance on industry expectations necessary. Average service life expectations of other gas utilities in the State range from 32 years to 52 years, averaging 40 years. The existing 50-year average service life is within the range of reasonableness. Based on Company input, the type of assets in this account, and judgement, the Study proposes no change to the existing 50-year average service life. A higher mode curve to an R3 is proposed recognizing minimal retirements. The resulting average remaining life is 37 years.

The existing approved net salvage for city gate measuring and regulating equipment is (10)%. The high negative net salvage incurred during the 2021-2024 period results from very few retirements and not considered indicative of the future. The Company believes the net salvage for city gate and general station equipment should be similar. Other Florida gas utilities have prescribed net salvage factors ranging from (2)% to (20)%, averaging (9)%. At this time, FCG proposes no change to the existing (10)% net salvage. FCG's next depreciation study will examine future trends in this account.

ACCOUNT 380: SERVICES

FCG currently has 48,943 steel services and 85,724 plastic services. Distribution service lines from the main to the customer's premises. The services investments comprise over 60% of the distribution investments and over 50% of the total plant investments.

[29] A city gate is the entry point for gas being taken from a transmission system to a distribution system. FCG has more than 25 city gates.

ACCOUNT 3801: SERVICES – PLASTIC

Plastic services are more commonly installed than steel services today. Investment and restated theoretical reserve balances as of January 1, 2025 are $128,613,988 and $25,915,719, respectively. The average service life underlying the currently approved average remaining life is 55 years with an R1.5 curve shape.

When a steel service is retired, the replacement is plastic unless pressure requirements dictate steel. When a plastic service is retired, the replacement is plastic. Most plastic retirements are for relocation or inactivity. Some early generation plastic pipe (Aldyl-A pipe) is being replaced with new generation pipe due to safety concerns. FCG has a program to replace mains and services running through less assessable parts of customer property (e.g., backyards) with mains and services located in more accessible areas.

Plastic services are likely to experience life expectancies longer than 50 years. The retirement rate for the account during the 2021-2024 period has averaged less than 1%. In fact, the retirement rate for the 2004-2024 also averaged less than 1%. This activity makes results of statistical analysis for life and salvage factors meaningless. Other gas companies in Florida have estimated average service lives ranging from 40 years to 55 years, averaging 48 years.

Based on the type of assets in this account, and judgement, this Study proposes no change the existing 55-year average service life. However, FCG proposes an R1.5 curve shape as being in line with the expected retirement experience of the account. Using an average age of 10.5 years, results in an average remaining life of 47 years.

The current approved net salvage factor for this account is (68)%. The overall net salvage is (398)% with the most recent 2021-2024 period averaging (132)%. Given the miniscule retirement data, the Company does not believe this activity is indicative of future salvage expectations. Other Florida gas utilities have net salvage factors ranging from (30)% to (75)%, averaging (41)%. At this time, the Company proposes a decrease to (40)% net salvage given easier accessibility to the retired service as well as projections from other Florida gas utilities. The next depreciation study will examine future trends in this account.

SERVICES 380.2: SERVICES – STEEL

This account includes the cost of steel distribution service lines, which run from the distribution main to the customer's premises. The January 1, 2025 investment and reserve are $16,378,776 and $15,969,307, respectively. The average service life underlying the existing approved average remaining life is 52 years with an R0.5 curve shape. The current average age of the surviving investment is 34.5 years.

Services are often replaced when mains are replaced. Steel services are added only if pressure requirements dictate (any system running over 100 psig). As is the case with many of FCG's long-lived accounts, there is insufficient data for meaningful statistical analyses results. Prior to 2013,

the FPSC required services inactive for 5 years to be removed. Since 2013, the requirement changed from 5 to 10 years inactive but FCG had to catch up on all earlier removal obligations. Some riser connections were replaced due to corrosion but are less now that service lines are wrapped. Programs such as the replacement of mains running through less accessible parts of customer property (e.g., backyards) will often result in retirements of services as well. Retirements also occur due to identified risk factors (such as service connections, shallow pipe or poor lining) as well as external factors such as damage or customer requested relocations. FCG has no plans for the retirement of its steel service lines.

The retirement rate during the 2021-2024 period averaged 0.06%. In fact, the retirement rate during the 2004-2024 period also averaged less than 1%. This data makes the results of statistical analyses meaningless and reliance on industry parameters necessary. 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. An R1.5 curve is also proposed as being more indicative of future retirements. The resulting average remaining life using the current average age of 34.5 years is 34 years.

Net salvage consists of any salvage and removal cost associated with the retirement of steel services. The currently approved net salvage is (125)%. The overall net salvage 2004-2024 is (365)% with the most recent 2021-2024 period being more than (3,000)%. Other gas companies estimate net salvage ranging from (30)% to (130)%, averaging (85)%. The miniscule retirement activity makes reliance on historical removal costs meaningless for future projections. At this time, FCG proposes no change to the current approved net salvage of (125)% although given easier accessibility to the retired service should have a lowering impact on removal costs. The next depreciation study will examine future trends.

ACCOUNT 3810: METERS

This account includes the cost of residential and commercial meters or devices and appurtenances thereto, for use in measuring gas delivered to users whether actually in service or held in reserve and the material cost of other meters in revolving stock. Meters are often replaced when the encoder transmitters equipment ("ERTs") meter modules are replaced. The January 1, 2005 investment and theoretical restated reserve are $24,399,075 and $9,352,165, respectively. The average service life underlying the currently prescribed average remaining life is 19 years with an R2 mortality dispersion.

The accounting treatment for meters is cradle to grave; that is, a meter is capitalized upon purchase and not retired until it is junked. Moving the meter from premise to premise does not result in a retirement. When a meter can no longer be repaired it is junked. Operations report that when a meter is removed from a premise, it is not necessarily retired, but tested and put back into service in accord with the meter sampling program. If the premise is vacant for two years, the meter is required to be removed and the riser is plugged. Other gas companies in the State estimate service

lives ranging from 20 years to 28 years, averaging 25 years. The Company does not see a meter older than 20 years in the field and expects the average life for a meter is in the range of 15-20 years. Based on input from Company personnel, the type of assets, and judgement, a slight increase in average service life to 20 years and no change to the existing R2 curve is proposed. Using an average age of 8.7 years results in a proposed average remaining life is 12.7 years.

The currently approved net salvage for this account is 3%. While there is limited net salvage data, the overall net salvage 2004-2024) is (4)% with the most recent 2021-2024 years averaging (13)%. This Study proposes (5)% net salvage consistent with the historical data and judgement. The next Study will examine future trends in this account.

ACCOUNT 381.1: METERS - ERT

This account includes the cost of ERT meter modules. The investment and theoretical restated reserve as of January 1, 2025 are $4,266,834 and $640,025, respectively. ERTs were installed in the 2009 timeframe. The average service life underlying the existing approved average remaining life is 19 years with an R2 curve shape.

When an ERT fails, both the ERT and meter are often retired and replaced. From an operations perspective, ERTs may last up to 20 years with heat being a force of retirement. A 20-year average service life is common for these types of assets, although some utilities have had to replace meter modules sooner due to either new technologies or failures. This Study proposes a 20-year average service life for ERTs. Using an average age of 3.4 years with a 20-year average service life results in a proposed average remaining life of 17 years.

The currently prescribed net salvage estimate for this account is 3%. There is limited net salvage data to analyze with only 3 years of the 2017-2024 period reporting any removal costs from retirements. Both historically and the most recent 4 years have averaged (1)% net salvage. This Study proposes a net salvage of 0%. The next study will examine future trends.

ACCOUNT 3820: METER INSTALLATIONS

This account includes the costs associated with the installation and servicing of meters for both residential and commercial. Meter installations are not necessarily retired when meters are retired, although in some circumstances the meter installation may be replaced with the meter (such as if there is corrosion). The investment and theoretical restated reserve as of January 1, 2025 are $6,362,150 and $1,307,422, respectively.

The accounting treatment when a meter, meter loop, or a family of meters are junked or replaced, is a retirement of installation costs. If a meter is replaced, the installation cost of the replacement is capitalized as a new installation. When the year of installation is unknown, the First-In,First-Out[30] ("FIFO") method is used to process the retirement. For every meter set retirement, one unit

[30] Utilizing FIFO, asset retirements are recorded to the earliest vintages.

cost of meter installation and regulator installation is retired. Service retirements may also result in the retirements of meter installations.

The average service life underlying the currently approved average remaining life is 44 years with an R1 curve. The January 1, 2025 average age is 12.7 years. Other Florida gas companies estimate average service lives in the range of 34 years to 45 years, averaging 41 years. The retirement rate during the 2021-2024 period averaged 14.97% with the 2004-2024 averaging 4.27%. Based on historical data, communications with Company personnel, and judgement, this study proposes no change to the existing average service life or curve shape at this time. The resulting average remaining life is 35 years.

The currently approved net salvage for this account is (25)%. The historical data indicates (3)% net salvage with the most recent 4 years being zero. Other gas companies have net salvage estimates in the range of (5)% to (35)%, averaging (23)%. This Study proposes zero net salvage in line with the experience of the account. The next Study will examine future trends in this account.

ACCOUNT 3821: METER INSTALLATIONS – ERT

This account includes the costs associated with the installation of ERTs for both residential and commercial meters. The investment and restated reserve as of January 1, 2025 are $258,204 and $6,171, respectively.

This account has a negative book reserve balance at January 1, 2025 due to an unusually large retirement in 2021 at 6.5 years of age. Over 40% of those retirements were from the 2020 vintage with 70% from the 2009 and 2020 vintages. The Company has proposed a reserve transfer from Account 3762, Steel Mains, to eliminate the negative book reserve balance of ($1,172,264). The book reserves for both accounts have been restated to reflect the theoretical reserve balances.[31]

The accounting treatment when a meter, meter loop, or a family of meters are junked or replaced, is a retirement of installation costs. If a meter is replaced, the installation cost of the replacement is capitalized as a new installation. When the year of installation is unknown, the FIFO method is used to process the retirement. For every meter set retirement, one unit cost of meter installation and regulator installation is retired.

The average service life underlying the existing average remaining life is 44 years with an R1 curve, the same as for meter installations. There is limited data for meaningful statistical analysis. Based on communications with Company personnel and judgement, FCG proposes no change to service life or curve parameters. Using an average age of 0.8 years results in an average remaining life of 43 years.

[31] See Workbook Sch E-3 for proposed reserve transfer details.

The currently approved net salvage for this account is (25)%. There is limited data for the net salvage analysis. At this time, FCG proposes zero net salvage, the same as for Account 3820. The next Study will examine future trends in this account.

ACCOUNT 3830: HOUSE REGULATORS

This account includes the cost of house regulators. Each customer location typically has a house regulator as FCG does not have a low-pressure system. The January 1, 2025 investment and theoretical restated reserve are $7,527,623 and $1,615,428, respectively. The average service life underlying the current approved average remaining life is 42 years with an S1 curve. The average age of the surviving investment is 11.0 years.

The average retirement rate for the 2021-2024 period is 8.23%. For the 2004-2024 period, the retirement rate averaged 4.31%. The 2022 Depreciation Study[32] noted indications of a longer average service life. Other gas companies in the State estimate service lives for house regulators ranging from 30 years to 42 years, averaging 36 years. Based on the historical data, communications with Company personnel, and judgement, FCG proposes no change to the existing 42-year average service life but a change in the curve shape to an S0. The change in curve shape is more in line with the current and expected retirement pattern of the account. The resulting average remaining life is 33 years.

The currently approved net salvage factor is zero. The overall 2004-2024 net salvage is 0% with the most recent 2021-2024 years also averaging 0%. The proposal is to continue to use the current approved zero net salvage. The next Study will examine future trends in this account.

ACCOUNT 3840: HOUSE REGULATOR INSTALLATIONS

This account includes the costs of installation and servicing of house regulators for both residential and commercial. The January 1, 2025 investment and theoretical restated reserve are $2,065,464 and $613,649, respectively. The average service life underlying the currently approved average remaining life is 47 years with an R1 curve shape. The current average age of the surviving investment is 19.9 years.

Retirements have been erratic at best with many years having no recorded retirements. The largest retirement during the 2021-2024 period occurred in 2021. This data does not lend meaningful statistical analysis results. Other gas companies in the State estimate the life of house regulator installations in the range of 34 years to 47 years, averaging 42 years. At this time, FCG proposes no change to the existing 47-year average service life or R1 curve shape. The R1 curve is in line with recent retirement experience.

[32] The 2022 Depreciation Study was that prepared by Gannett Fleming Valuation and Rate Consultants, LLC in Docket No. 20220069.

There has been limited data for net salvage. Of the 21 years of data available, retirements occurred in only 8 years, 4 of which were in the 2021-2024 period. No net salvage was realized in any year. The currently approved net salvage factor is zero. The Company believes continuation of this net salvage factor is appropriate. The next Study will examine future trends in this account.

ACCOUNT 3850: INDUSTRIAL MEASURING AND REGULATING STATION EQUIPMENT

The investment in this account includes the costs of industrial measuring and regulating station equipment. The account includes meter sets for larger customers and many of the assets are similar to those in Account 378, Measuring and Regulating Station Equipment. The January 1, 2025 investment and theoretical restated reserve are $3,740,797 and $2,169,662, respectively.

The average service life underlying the current approved average remaining life is 37 years with an R3 curve. It is reasonable to expect similar life characteristics for this account as for Account 378. During the 2021-2024 period, only 2021 incurred any retirements. In fact, over the past 20 years, only one other year incurred small retirements. The retirement rate averaged less than 1%. It is reasonable to expect similar life characteristics for this account as for Account 378. Considering the overall lack of retirements, and continued expectations of similar life characteristics to Account 3780, FCG proposes a slight increase in average service life to 40 years and S3 mortality curve based on history and judgement. Using an average age of 24.3 years and an S3 curve results in an average remaining life of 16.8 years.

The currently approved net salvage factor is (2)%. There is limited account net salvage data, historically averaging 0%. Other gas companies in the State estimate net salvage for this investment in the range of (5)% to zero, averaging (1)%. Most gas companies estimate 0% net salvage. At this time, the Company proposes 0% net salvage. The next Study will examine future trends in this account.

ACCOUNT 3870: OTHER EQUIPMENT

This account includes equipment not included in other distribution accounts such as leak detector, pipe locators, pipe locators, odor meters, pressure gauges, and voltmeters. The investment and theoretical restated reserve as of January 1, 2025 are $2,783,990 and $554,571, respectively. The average service life underlying the current approved average remaining life is 24 years with an L2 curve. The average age of the surviving investment is 7.0 years.

Over the past 21 years, retirements only occurred in two years, 2017 and 2024. One year shows removal cost without any associated retirements. The sparse retirements are insufficient to provide meaningful statistical analyses results. Other gas utilities in the State have service life projections in the range of 14 years to 30 years, averaging 24 years. The 2022 Depreciation Study[33] proposed a 35-year service life and R3 survivor curve as being a good fit of the historical data 1962-2020.

[33] The 2022 Depreciation Study was that prepared by Gannett Fleming Valuation and Rate Consultants, LLC in Docket No. 20220069.

With three additional years of data, the Company believes the 35-year service life and R3 curve remains reasonable and is proposed at this time. The resulting average remaining life is 28 years.

There has been limited net salvage data. The current approved net salvage factor is zero. The recommendation is to continue this net salvage parameter.

GENERAL PLANT

GENERAL PLANT AMORTIZATION

As part of FCG's 2017 Depreciation Study[34], adoption of vintage group accounting for certain general plant accounts was proposed and subsequently approved by Order No. PSC-2018-0190-FOF-GU.

With the vintage amortization policy, the tracking of location and retirement of the subject assets is no longer needed. Assets older than the average service life are retired and then the remaining investment in each account are amortized using the amortization rates shown on, Sch D of the attached workbook. As assets reach the average service of each account, the associated original cost is retired from the books and records annually.

Based on discussions with Company personnel, CUC seeks to adopt uniform amortization periods for these accounts across all natural gas distribution business units. If approved, FCG would adopt the same amortization periods as CUC's other natural gas business units. These amortization periods are based on judgement and were approved in the latest depreciation studies for CUC Florida Public Utilities Company's consolidated natural gas division[35] and CUC-Maryland[36]. They have also been proposed in the CUC-Delaware 2024 depreciation study.

Accordingly, the assets greater than the average service life of each affected account as of January 1, 2025, were identified and retired. A total of $13,189 is identified as exceeding the average service lives for the affected accounts and designated for retirement. Additionally, the book reserve for each account subject to vintage group amortization was compared to its theoretically correct level to determine any reserve imbalance. The resulting reserve deficiency identified was $7,586 and a 2-year amortization period is proposed for recovery.

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[34] Docket No. 20170179-GU

[35] See Order No. PSC-2023-0103-FOF-GU, issued March 15, 2023, in Docket No. 20220067-GU, *In re: Petition for rate increase by Florida Public Utilities Company, Florida Division of Chesapeake Utilities Corporation, Florida Public Utilities Company - Fort Meade, and Florida Public Utilities Company – Indiantown Division.*

[36] See Order No. 91242, issued July 24, 2024, in Case No. 9721, *Chesapeake Utilities Corporation, Sandpiper Energy, Inc. and Elkton Gas Company's Joint Petition for Approval of Changes in their Depreciation Rates.*

ACCOUNT 3900: STRUCTURES AND IMPROVEMENTS

This account includes costs associated with general structures and improvements used in connection with general plant. This includes the cost of all buildings, including roofing, plumbing, air conditioning systems, electrical and yard improvements. FCG has service centers in Brevard, Port St. Lucie, and Miami-Dade Counties. A new office building was added in 2024 in Port St. Lucie. The investment and theoretical restated reserve as of January 1, 2025 are $13,115,013 and $2,295,127, respectively.

The average service life underlying the current approved average remaining life is 25 years with an L0 curve shape.[37] The analysis in the 2022 Depreciation Study[38] proposed a service life of 30 years with an S0.5 curve shape.

There have been no retirements since the last depreciation study. In fact, the account has experienced retirements in only three years over the 2004-2024 period. The retirement rate for the 2004-2024 period averaged 2.23% with the most recent five years incurring no retirements. This data makes reliance on industry projections necessary. Other Florida gas utilities project average service lives ranging from 25 years to 40 years, with most at 40 years. This Study proposes an increase in average service life to 40 years as being more in line with other Florida gas company expectations. Using an average age of 7.5 years results in an average remaining life of 33 years. The retirement rate for the 2004- 2024 period averaged 2.23% with the most recent five years incurring no retirements. Based on judgement and discussions with Company personnel, a 40-year average service life and S0.5 curve are proposed. Using these parameters results in a remaining life of 33 years.

The currently approved net salvage factor is zero. The overall average net salvage, 2004-2024, is (5)% with the most recent 2021-2024 averaging 0%. There are years reflecting retirements with no net salvage and years showing removal costs with no retirements. Other gas companies in the State have prescribed net salvage factors ranging from zero to 10%, averaging 3%. Items in this account such as air conditioning systems, water supply systems, roof, paving, and fire protection systems having a replacement cost over $10,000 are likely to incur removal costs upon retirement in the future reducing the gross salvage realized from a building sale and conceivably offsetting gross salvage all together. At this time, the Company proposes 0% net salvage for this account. The next depreciation study will examine future trends and developments.

ACCOUNT 392X: TRANSPORTATION EQUIPMENT

FCG proposes restatement of its transportation assets based on CUC's other natural gas business units currently approved subaccounts as shown on Schedule I of the attached workbook. The

[37] See Order No. PSC-2023-0177-FOF-GU.
[38] The 2022 Depreciation Study was that prepared by Gannett Fleming Valuation and Rate Consultants, LLC in Docket No. 20220069.

retirement of motor vehicles for each CUC business unit is based on age, mileage, and maintenance costs. The newly proposed subaccounts are:

ACCOUNT 3921: TRANSPORTATION EQUIPMENT – CARS

This account includes the cost of 10 automobiles. The January 1, 2025 investment and theoretical restated reserve are $324,144 and $201,779, respectively. The average service life underlying the current approved average remaining life is 9 years with an L2.5 curve shape. The average age of the surviving investment is 10.6 years. This data suggests a longer average service life is warranted.

While passenger cars tend to have a 5-7 years life, recognizing the current age, FCG's cars appear to be experiencing a longer life. This Study proposes a 12-year average service life recognizing the age of these vehicles and in line with the Company retirement policy of motor vehicles. An S2 curve is proposed as being more indicative of future expectations. The resulting average remaining life is 3.7 years.

The currently prescribed net salvage factor is 11%. It is likely that vehicles retiring at an older age will not realize as much salvage. Based on judgement, a 10% net salvage is proposed. The next depreciation study will examine future trends and developments in this account.

ACCOUNT 3922: TRANSPORTATION EQUIPMENT – LIGHT AND MEDIUM TRUCKS, SUVS AND VANS

The investment and theoretical restated reserve on January 1, 2025 associated with this account are $8,392,837 and $3,691,170, respectively. The average service life underlying the currently approved average remaining life is 10 years with an L3 curve.

Based on historical data and judgement, the Company proposes an increase in average service life to 12 years and an S2 curve. Used with an average age of 4.7 years results in an average remaining life of **7.5** years.

The currently prescribed net salvage factor is 11%. The net salvage realized during the 2021-2024 period averaged 37%. Based on history and judgement, this Study proposes an average net salvage of 20%. The next depreciation study will examine future trends and developments in this account.

ACCOUNT 3923: TRANSPORTATION EQUIPMENT – HEAVY TRUCKS

The January 1, 2025 investment and theoretical restated reserve for Heavy Trucks are $1,040,846 and $554,979, respectively. The average service life underlying the currently approved average remaining life is 12 years with an L2 curve. The average age of the surviving investment is 8.7 years.

The Commission approved use of a 13-year average service life and an L3 mortality dispersion for this account as result of FCG's 2017 Depreciation Study.[39] The 2022 Depreciation Study[40] proposed no change to these parameters.

This Study proposes a 13-year average service life with an L3 curve that is more in line with CUC's motor vehicle retirement policy and other CUC business units. The resulting average remaining life is 5.3years.

The current approved net salvage factor for heavy trucks is 4%. Net salvage has averaged 0% during the 2021-2024 period. However, some salvage should be expected from the retirement of heavy trucks. Based on judgement, the Company proposes 10% net salvage.

ACCOUNT 3924: TRANSPORTATION EQUIPMENT – TRAILERS

The investment and theoretical restated reserve on January 1, 2025 are $174,493 and $88,991, respectively. The average service life underlying the current approved average remaining life is 12 years with an L2 curve. The age of the surviving investment is 13.8 years.

FCG proposes an increase in average service life to 20 years in light of the current age of the vehicles. The L2 curve remains reasonable and no change is proposed. The resulting average remaining life is 9.8 years.

The currently approved net salvage factor is 4%. There have been no retirements or salvage activity during the 2021-2024 period. At this time, FCG proposes 0% net salvage.

ACCOUNT 3941: NATURAL GAS VEHICLE EQUIPMENT

This account consists of various tools and shop equipment used for natural gas charging stations. The January 1, 2025 investment and theoretical restated reserve are $1,564,203 and $ 664,786, respectively. The existing average service life of 20 years with an S4 mortality dispersion and 0% net salvage based on expectations from a subsidiary company, Elizabethtown Gas.

The current investment was placed in service in 2016 with no activity since. This data does not provide meaningful statistical analysis results. FCG proposes no change to the existing average service life, curve shape, or net salvage at this time. The resulting average remaining life is 11.5 years.

ACCOUNT 3960: POWER OPERATED EQUIPMENT

This account includes the cost of non-road power operated equipment such as bulldozers, forklifts, pile drivers, and tractors used in construction or repair work exclusive of equipment includible in

[39] See Order No. PSC-2018-0190-GU, issued April 20, 2018, in Docket No. 20170179, *In re: Petition for rate increase by Florida City Gas,* p.36.
[40] The 2022 Depreciation Study was that prepared by Gannett Fleming Valuation and Rate Consultants, LLC in Docket No. 20220069.

other accounts. The January 1, 2025 investment and theoretical restated reserve are $278,349 and $98,536, respectively.

This account was not prescribed a revised depreciation rate per Order No. PSC-2023-0177-FOF-GU. Therefore, the existing depreciation rate and life and salvage parameters are those approved in the Company's 2017 Depreciation Study.[41] The average service life underlying the approved average remaining life is 15 years with an SQ curve.

The retirement rate during the period 2021-2024 averaged 3.80% and 2.51% during the period 2004-2024. The average age of the January 1, 2025 surviving investment is 6.6 years. Assets in the account vary from forklifts with a 20-year life expectancy to backhoes with a 12 to 13-year life expectancy. Discussions with FCG personnel indicate the existing 15-year average service life remains appropriate for the assets. Based on the mix of the account assets, the Company proposes retaining of the existing 15-year average service life. With only two years reporting retirements, the results of statistical analysis are meaningless. Even though retirement activity has been sporadic, an L2 curve is proposed as being more in line with expected retirement activity. The resulting average remaining life is 9.1 years.

The existing prescribed net salvage factor is 10%. Gross salvage can be realized from the retirement of power operated equipment with minimal if any removal cost. Based on judgment, this Study proposes no change to the existing 10% net salvage factor.

[41] See Order No. PSC-2018-0190-GU, issued April 20, 2018, in Docket No. 20170179, *In re: Petition for rate increase by Florida City Gas*, p.36.

CHESAPEAKE UTILITIES CORPORATION
FLORIDA CITY GAS
2025 NATURAL GAS DEPRECIATION STUDY
As of 1/1/2025
SCHEDULE OF REMAINING LIFE ACCRUAL RATES

ACCOUNT	DESCRIPTION	BOOK INVESTMENT W/ STUDY ADJUSTMENTS 1/1/2025	BOOK RESERVE W/ STUDY ADJUSTMENTS 1/1/2025		ASL	CURVE	NET SAL %	RESERVE TRANSFER (C)	AMORTIZABLE INTANGIBLE/ GENERAL PLANT IMBALANCE (D)	INTANGIBLE/ GENERAL PLANT RETIREMENT (E)	SURPLUS RESERVE IMBALANCE (F)	RESTATED BOOK INVESTMENT 1/1/2025	RESTATED THEORETICAL RESERVE 1/1/2025	NET PLANT	REM LIFE	ANNUAL ACCRUAL	ANNUAL RATE
INTANGIBLE PLANT																	
3031	Miscellaneous Intangible Plant - 15 Yrs (formally Acct 30302)	$2,126,725	$313,482	(B)	15	SQ	0	$0	($15,551)	$220	$0	$2,126,505	$297,711	$1,828,794	12.9	$141,767	6.67
3032	Miscellaneous Intangible Plant - 20 Yrs	$6,944,592	$1,307,491		20	SQ	0	$0	($22,741)	$0	$0	$6,944,592	$1,284,750	$5,659,842	16.3	$347,230	5.00
	Total Intangible Plant	$9,071,317	$1,620,973		18.6			$0	($38,292)	$220	$0	$9,071,097	$1,582,461	$7,488,636		$488,997	5.39
STORAGE PLANT																	
3642	Structures & Improvements	$35,843	$807		50	S4	0	$0	$0	$0	($90)	$35,843	$717	$35,126	49.0	$717	2.00
3643	LNG Processing Terminal Equipment	$239,769	$2,464		50	S4	0	$0	$0	$0	$2,331	$239,769	$4,795	$234,974	49.0	$4,795	2.00
3645	Measuring and Regulating Equip.	$35,905	$808		50	S4	0	$0	$0	$0	($90)	$35,905	$718	$35,187	49.0	$718	2.00
3646	Compressor Station Equipment	$59,702,374	$1,922,731		50	S4	0	$0	$0	$0	($728,684)	$59,702,374	$1,194,047	$58,508,327	49.0	$1,194,047	2.00
	Total Storage Plant	$60,013,891	$1,926,810		50.0			$0	$0	$0	($726,533)	$60,013,891	$1,200,277	$58,813,614		$1,200,278	2.00
DISTRIBUTION PLANT																	
3743	Right-of-Way	$11,132	$0		75	SQ	0	$0	$0	$0	$4,618	$11,132	$4,618	$6,514	44.0	$148	1.33
3750	Structures & Improvements	$273,829	$8,672		35	R4	0	$0	$0	$0	$30,212	$273,829	$38,884	$234,945	30.0	$7,832	2.86
3761	Mains - Plastic (Formally Acct 3762)	$237,376,057	$49,591,899	(B)	75	R2.5	(30)	$0	$0	$0	($7,932,401)	$237,376,057	$41,659,498	$266,929,376	65.0	$4,106,606	1.73
3762	Mains - Steel (Formally Acct 3761)	$143,280,076	$67,185,809	(B)	65	R2.5	(40)	($1,178,435)	$0	$0	($7,119,263)	$143,280,076	$58,888,111	$141,703,995	46.0	$3,080,522	2.15
3780	Measuring and Regulating Equip. - General	$2,556,627	$410,733		40	S3	(10)	$0	$0	$0	$81,418	$2,556,627	$492,151	$2,320,139	33.0	$70,307	2.75
3790	Measuring and Regulating Equip. - City Gates	$17,746,190	$5,689,779		50	R3	(10)	$0	$0	$0	($614,369)	$17,746,190	$5,075,410	$14,445,399	37.0	$390,416	2.20
3801	Services - Plastic (Formally Acct 3802)	$128,613,988	$32,898,453	(B)	55	R1.5	(40)	$0	$0	$0	($6,982,734)	$128,613,988	$25,915,719	$154,143,864	47.0	$3,279,657	2.55
3802	Services - Steel (Formally Acct 3801)	$16,378,776	$18,490,162	(B)	60	R1.5	(125)	$0	$0	$0	($2,520,855)	$16,378,776	$15,969,307	$20,882,939	34.0	$614,204	3.75
3810	Meters	$24,399,075	$6,293,599		20	R2	(5)	$0	$0	$0	$3,058,566	$24,399,075	$9,352,165	$16,266,864	12.7	$1,280,855	5.25
3812	Meters - ERTs (Formally Acct 3811)	$4,266,834	$301,699	(B)	20	R2	0	$0	$0	$0	$358,326	$4,266,834	$640,025	$3,626,809	17.0	$213,342	5.00
3820	Meter Installations	$6,362,150	$242,463		44	R1	0	$0	$0	$0	$1,064,959	$6,362,150	$1,307,422	$5,054,728	35.0	$144,421	2.27
3821	Meter Installations - ERT	$258,204	($1,172,264)		44	R1	0	$1,178,435	$0	$0	$0	$258,204	$6,171	$252,033	43.0	$5,861	2.27
3830	House Regulators	$7,527,623	$1,225,606		42	S0	0	$0	$0	$0	$389,822	$7,527,623	$1,615,428	$5,912,195	33.0	$179,157	2.38
3840	House Regulators Installations	$2,065,464	$432,366		47	R1	0	$0	$0	$0	$181,283	$2,065,464	$613,649	$1,451,815	33.0	$43,994	2.13
3850	Indus. Meas. & Reg. Station Equip	$3,740,797	$2,309,679		40	S3	0	$0	$0	$0	($140,017)	$3,740,797	$2,169,662	$1,571,135	16.8	$93,520	2.50
3870	Other Equipment	$2,783,990	$713,530		35	R3	0	$0	$0	$0	($158,959)	$2,783,990	$554,571	$2,229,419	28.0	$79,622	2.86
	Total Distribution Plant	$597,640,812	$184,622,185		57.5			$0	$0	$0	($20,319,394)	$597,640,812	$164,302,791	$637,032,169		$13,590,464	2.27
GENERAL PLANT																	
3900	Structures & Improvements	$13,115,013	$2,490,539		40	S0.5	0	$0	$0	$0	($195,412)	$13,115,013	$2,295,127	$10,819,886	33.0	$327,875	2.50
3910	Office Equipment	$36,234	$40,214	(I), (K)	14	SQ	0	$0	($28,558)	$0	$0	$36,234	$11,656	$24,578	9.5	$2,588	7.14
3912	Computer Hardware (Combines Accts 39112 and 3915)	$1,062,207	$913,452	(I), (K)	10	SQ	0	$0	($414,215)	$0	$0	$1,062,207	$499,237	$562,970	5.3	$106,221	10.00
3913	Office Furniture (formally account 3910)	$1,280,582	$447,729	(I), (K)	20	SQ	0	$0	($5,928)	$0	$0	$1,280,582	$441,801	$838,781	13.1	$64,029	5.00
3914	Computer Software (formally account 39111)	$0	$0	(I), (K)	10	SQ	0	$0	$0	$0	$0	$0	$0	$0	10.0	$0	10.00
3921	Transportation - Cars (revised subaccount)	$324,144	$163,750	(J)	12	S2	10	$0	$0	$0	$38,029	$324,144	$201,779	$89,950	3.7	$24,311	7.50
3922	Transportation - Light -Med. Trucks, SUVs & Vans (revised subaccount)	$8,392,837	$3,441,447	(J)	12	S2	20	$0	$0	$0	($925,274)	$8,392,837	$2,516,173	$4,198,097	7.5	$559,746	6.67
3923	Transportation - Heavy Trucks	$1,040,846	$591,746	(J)	13	L3	10	$0	$0	$0	($36,767)	$1,040,846	$554,979	$381,782	5.3	$72,034	6.92
3924	Transportation - Trailers (formally account 3920)	$174,493	$137,364	(J)	20	L2	0	$0	$0	$0	($48,373)	$174,493	$88,991	$85,502	9.8	$8,725	5.00
3930	Stores Equipment	$32,400	$1,566	(K)	26	SQ	0	$0	$274	$0	$0	$32,400	$1,840	$30,560	24.5	$1,246	3.85
3940	Tools, Shop & Garage Equipment	$978,363	$340,658	(K)	15	SQ	0	$0	$193,431	$12,969	$0	$965,394	$521,120	$444,274	6.9	$64,360	6.67
3941	Natural Gas Vehicle Equipment	$1,564,203	$826,016		20	S4	0	$0	$0	$0	($161,230)	$1,564,203	$664,786	$899,417	11.5	$78,210	5.00
3950	Laboratory Equipment	$0	$0		20	SQ	0	$0	$0	$0	$0	$0	$0	$0	20.0	$0	5.00
3960	Power Operated Equipment	$278,349	$84,705		15	L2	10	$0	$0	$0	$13,831	$278,349	$98,536	$151,978	9.1	$16,701	6.00
3970	Communication Equipment	$1,202,866	$290,423	(K)	13	SQ	0	$0	$79,939	$0	$0	$1,202,866	$370,362	$832,504	9.0	$92,528	7.69
3980	Miscellaneous Equipment	$505,540	($51,276)	(K)	17	SQ	0	$0	$220,935	$0	$0	$505,540	$169,659	$335,881	11.3	$29,738	5.88
	Total General Plant	$29,988,075	$9,718,333		18.7			$0	$45,877	$12,969	($1,315,196)	$29,975,107	$8,436,046	$19,696,159		$1,448,313	4.83
	TOTAL DEPRECIABLE GAS PLANT	$696,714,095	$197,888,301		50.9			$0	$7,586	$13,189	($22,361,123)	$696,700,906	$175,521,575	$723,030,578		$16,728,051	2.40
																Annual Amortization (L)	($1,176,769)	
																Total Annual Expense	$5,551,282	

GAS PLANT EXCLUDED FROM STUDY				
3020	Franchises And Consents	$241,545	$97,976	
3641	Land and Land Rights	$8,373,426	$0	
3740	Land and Land Rights	$1,277,569	$13,416	
3741	Land	$72,437	$0	
3890	Land - General	$2,226,283	$0	
3892	Land Rights	$193,945	$0	
	TOTAL	$12,385,205	$111,392	
	TOTAL GAS PLANT	$709,099,300	$197,999,693	

Notes:

(A) Proposed changes to amortization period to streamline operations. All other Chesapeake Natural Gas business units uses these proposed amortization periods. Rate is computed as follow: Annual Amortization/Depreciation Rate = 100 %/Amortization Period*100

(B) Proposed account number restatement based on Chesapeake's Natural Gas chart of account.
Reclassified Misc. Intangibles from Account 30302 to Account 3031.
Reclassified Steel Mains from Account 3761 to Account 3762 and Plastic Mains from Account 3762 to Account 3761.
Reclassified Steel Services from Account 3801 to Account 3802 and Plastic Services from Account 3802 to Account 3801.
Reclassified ERTs from Meter Account 3811 to Account 3812.

(C) Proposed reserve transfers to correct the negative reserve balance in Acct 3821 and bring the reserve balance to its theoretically correct level.

(D) Proposing same amortization period used for all Chesapeake Natural Gas business units. This adjustment restates intangible and general plant accounts to their theoretical levels using the newly proposed amortization period.

(E) Adjustment to retire amortizable general plant investments with an age greater than proposed ASL.

(F) Theoretical surplus after restating accounts to theoretically correct reserve levels

(G) Adjusted Book Investment with Study Adjustments have been Restated to include retirements of assets with an age greater than the proposed ASL.

(H) Adjusted Book Reserve with Study Adjustments have been restated to include a proposed reserve transfer, retirements of assets with an age greater than the proposed ASL, and a proposed adjustment to bring all accounts to its theoretical reserve balance. See notes (C)-(F) for more details on adjustments.

(I) Proposed restatement of the Office Furniture and Equipment assets based on currently approved subaccounts used for all Chesapeake's Natural Gas business unit's (Sch H).

(J) Proposed restatement of Transportation Assets based on Chesapeake's other natural gas business unit's currently approved subaccounts (Sch I).

(K) The rate for the embedded as well as for new investments will be the same as a result of restating the reserve accounts for intangible and general plant to its theoretically correct levels.

(L) Amortized the Theoretical Reserve surplus and Intangible/General Plant deficit over 2 years

PROPOSED AMORTIZATION/DEPRECIATION RATES - POST RATE CASEAPPROVAL (A)

ACCOUNT	DESCRIPTION	AMORT. PERIOD	AMORT./DEPR. RATE
3031	Miscellaneous Intangible Plant - 15 Yrs	15	6.67
3032	Miscellaneous Intangible Plant - 20 Yrs	20	5.00
3910	Office Equipment	14	7.14
3912	Computer Hardware	10	10.00
3913	Office Furniture	20	5.00
3914	Computer Software	10	10.00
3930	Stores Equipment	26	3.85
3940	Tools, Shop & Garage Equipment	15	6.67
3950	Laboratory Equipment	20	5.00
3970	Communication Equipment	13	7.69
3980	Miscellaneous Equipment	17	5.88

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		PLANT			CURRENT (A)					COMPANY PROPOSED					STAFF RECOMMENDED			
		RESTATED BOOK INVESTMENT 1/1/2025	RESTATED THEORETICAL RESERVE 1/1/2025		AVERAGE SERVICE LIFE (YRS.)	AVERAGE REMAINING LIFE (YRS.)	NET SAL (%)	AGE (YRS.)	CURVE	AVERAGE SERVICE LIFE (YRS.)	AVERAGE REMAINING LIFE (YRS.)	NET SAL (%)	(SCHS H-J) AGE (YRS.)	CURVE	AVERAGE SERVICE LIFE (YRS.)	AVERAGE REMAINING LIFE (YRS.)	AGE (YRS.)	CURVE
INTANGIBLE PLANT																		
3031	Miscellaneous Intangible Plant - 15 Yrs (formally Acct 30302)	2,126,505	297,711		12 Yr Amortization				SQ	15 Yr Amortization				SQ				
3032	Miscellaneous Intangible Plant - 20 Yrs	6,944,592	1,284,750		20 Yr Amortization				SQ	20 Yr Amortization				SQ				
	Total Intangible Plant	**9,071,097**	**1,582,461**															
STORAGE PLANT																		
3642	Structures & Improvements	35,843	717		50	50.00	-		S4	50	49.0	0	1.5	S4				
3643	LNG Processing Terminal Equipment	239,769	4,795		50	50.00	-		S4	50	49.0	0	1.5	S4				
3645	Measuring and Regulating Equip.	35,905	718		50	50.00	-		S4	50	49.0	0	1.5	S4				
3646	Compressor Station Equipment	59,702,374	1,194,047		50	50.00	-		S4	50	49.0	0	1.5	S4				
	Total Storage Plant	**60,013,891**	**1,200,277**															
DISTRIBUTION PLANT																		
3743	Right-of-Way	11,132	4,618							75	44.0	0	31.0	SQ				
3750	Structures & Improvements	273,829	38,884		33	31.00	-		L0	35	30.0	0	4.8	R4				
3761	Mains - Plastic (Formally Acct 3762)	237,376,057	41,659,498	(D)	75	65.88	(33)		R2	75	65.0	(30)	10.4	R2.5				
3762	Mains - Steel (Formally Acct 3761)	143,280,076	58,888,111	(D)	65	50.32	(50)		R1.5	65	46.0	(40)	21.5	R2.5				
3780	Measuring and Regulating Equip. - General	2,556,627	492,151		40	36.88	(10)		R1.5	40	33.0	(10)	7.5	S3				
3790	Measuring and Regulating Equip. - City Gates	17,746,190	5,075,410		50	40.64	(10)		R2.5	50	37.0	(10)	13.8	R3				
3801	Services - Plastic (Formally Acct 3802)	128,613,988	25,915,719	(D)	55	46.56	(68)		R1.5	55	47.0	(40)	10.5	R1.5				
3802	Services - Steel (Formally Acct 3801)	16,378,776	15,969,307	(D)	52	32.15	(125)		R0.5	60	34.0	(125)	34.5	R1.5				
3810	Meters	24,399,075	9,352,165		19	12.43	3		R2	20	12.7	(5)	8.7	R2				
3812	Meters - ERTs (Formally Acct 3811)	4,266,834	640,025	(D)	19	14.42	3		R2	20	17.0	0	3.4	R2				
3820	Meter Installations	6,362,150	1,307,422		44	34.95	(25)		R1	44	35.0	0	12.7	R1				
3821	Meter Installations - ERT	258,204	6,171		44	36.23	(25)		R1	44	43.0	0	0.8	R1				
3830	House Regulators	7,527,623	1,615,428		42	33.08	-		S1	42	33.0	0	11.0	S0				
3840	House Regulators Installations	2,065,464	613,649		47	34.93	(25)		R1	47	33.0	0	19.9	R1				
3850	Indus. Meas. & Reg. Station Equip	3,740,797	2,169,662		37	17.79	(2)		R3	40	16.8	0	24.3	S3				
3870	Other Equipment	2,783,990	554,571		24	18.05	-		L2	35	28.0	0	7.0	R3				
	Total Distribution Plant	**597,640,812**	**164,302,791**															
GENERAL PLANT																		
3900	Structures & Improvements	13,115,013	2,295,127		25	20.23	-		L0	40	33.0	0	7.5	S0.5				
3910	Office Equipment	36,234	11,656	(B)	15 Yr Amortization				SQ	14 Yr Amortization				SQ				
3912	Computer Hardware (Combines Accts 39112 and 3915)	1,062,207	499,237	(B)	5 Yr Amortization				SQ	10 Yr Amortization				SQ				
3913	Office Furniture (formally account 3910)	1,280,582	441,801	(B)	15 Yr Amortization				SQ	20 Yr Amortization				SQ				
3914	Computer Software (formally account 39111)	0	0	(B)	12 Yr Amortization				SQ	10 Yr Amortization				SQ				
3921	Transportation - Cars (revised subaccount)	324,144	201,779	(C)	9	4.19	11		L2.5	12	3.7	10	10.6	S2				
3922	Transportation - Light -Med. Trucks, SUVs & Vans (revised subaccount)	8,392,837	2,516,178	(C)	10	6.05	11		L3	12		20	4.7	S2				
3923	Transportation - Heavy Trucks	1,040,846	554,979	(C)	12	6.53	4		L2	13	5.3	10	8.7	L3				
3924	Transportation - Trailers (formally account 3920)	174,493	88,991	(C)	12	4.66	4		L2	20	9.8	0	13.8	L2				
3930	Stores Equipment	32,400	1,840		25 Yr Amortization				SQ	26 Yr Amortization				SQ				
3940	Tools, Shop & Garage Equipment	965,394	521,120		15 Yr Amortization				SQ	15 Yr Amortization				SQ				
3941	Natural Gas Vehicle Equipment	1,564,203	664,786		20	13.50	-		S4	20	11.5	0	8.5	S4				
3950	Laboratory Equipment	0	0		20 Yr Amortization				SQ	20 Yr Amortization				SQ				
3960	Power Operated Equipment	278,349	98,536		15	10.30	10		SQ	15	9.1	10	6.6	L2				
3970	Communication Equipment	1,202,866	370,362		12 Yr Amortization				SQ	13 Yr Amortization				SQ				
3980	Miscellaneous Equipment	505,540	169,659		20 Yr Amortization				SQ	17 Yr Amortization				SQ				
	Total General Plant	**29,975,107**	**8,436,046**															
	Total Plant	**696,700,906**	**175,521,575**															

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

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

(D) 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.

CHESAPEAKE UTILITIES CORPORATION

FLORIDA CITY GAS

2025 NATURAL GAS DEPRECIATION STUDY

As of 1/1/2025

COMPARISON OF CURRENT AND PROPOSED DEPRECIATION RATE AND COMPONENTS

ACCOUNT - # / NAME		CURRENT (A) REMAINING LIFE RATE (%)		COMPANY PROPOSED AVERAGE REMAINING LIFE (YRS.)	NET SAL (%)	RESTATED 1/1/2025 RESERVE (%)	REMAINING LIFE RATE (%)	STAFF PROPOSED AVERAGE REMAINING LIFE (YRS.)	NET SAL (%)	RESTATED 1/1/2025 RESERVE (%)	REMAINING LIFE RATE (%)
INTANGIBLE PLANT											
3031	Miscellaneous Intangible Plant - 15 Yrs (formally Acct 30302)	8.30		0.0	0.00	14.00	6.67				
3032	Miscellaneous Intangible Plant - 20 Yrs	5.00		0.0	0.00	18.50	5.00				
STORAGE PLANT											
3642	Structures & Improvements	2.00		49.0	0.00	2.00	2.00				
3643	LNG Processing Terminal Equipment	2.00		49.0	0.00	2.00	2.00				
3645	Measuring and Regulating Equip.	2.00		49.0	0.00	2.00	2.00				
3646	Compressor Station Equipment	2.00		49.0	0.00	2.00	2.00				
DISTRIBUTION PLANT											
3743	Right-of-Way			44.0	0.00	41.48	1.33				
3750	Structures & Improvements	3.80		30.0	0.00	14.20	2.86				
3761	Mains - Plastic (Formally Acct 3762)	1.60	(D)	65.0	(30.00)	17.55	1.73				
3762	Mains - Steel (Formally Acct 3761)	2.00	(D)	46.0	(40.00)	41.10	2.15				
3780	Measuring and Regulating Equip. - General	2.60		33.0	(10.00)	19.25	2.75				
3790	Measuring and Regulating Equip. - City Gates	2.00		37.0	(10.00)	28.60	2.20				
3801	Services - Plastic (Formally Acct 3802)	3.10	(D)	47.0	(40.00)	20.15	2.55				
3802	Services - Steel (Formally Acct 3801)	2.50	(D)	34.0	(125.00)	97.50	3.75				
3810	Meters	6.90		12.7	(5.00)	38.33	5.25				
3812	Meters - ERTs (Formally Acct 3811)	9.70	(D)	17.0	0.00	15.00	5.00				
3820	Meter Installations	3.60		35.0	0.00	20.55	2.27				
3821	Meter Installations - ERT	10.30		43.0	0.00	2.39	2.27				
3830	House Regulators	2.30		33.0	0.00	21.46	2.38				
3840	House Regulators Installations	3.40		33.0	0.00	29.71	2.13				
3850	Indus. Meas. & Reg. Station Equip	2.30		16.8	0.00	58.00	2.50				
3870	Other Equipment	4.40		28.0	0.00	19.92	2.86				
GENERAL PLANT											
3900	Structures & Improvements	4.00		33.0	0.00	17.50	2.50				
3910	Office Equipment	6.70	(B)	0.0	0.00	32.17	7.14				
3912	Computer Hardware (Combines Accts 39112 and 3915)	20.00	(B)	0.0	0.00	47.00	10.00				
3913	Office Furniture (formally account 3910)	6.70	(B)	0.0	0.00	34.50	5.00				
3914	Computer Software (formally account 39111)	8.30	(B)	0.0	0.00	0.00	10.00				
3921	Transportation - Cars (revised subaccount)	6.00	(C)	3.7	10.00	62.25	7.50				
3922	Transportation - Light -Med. Trucks, SUVs & Vans (revised subaccount)	6.60	(C)	7.5	20.00	29.98	6.67				
3923	Transportation - Heavy Trucks	7.70	(C)	5.3	10.00	53.32	6.92				
3924	Transportation - Trailers (formally account 3920)	13.40	(C)	9.8	0.00	51.00	5.00				
3930	Stores Equipment	4.00		0.0	0.00	5.68	3.85				
3940	Tools, Shop & Garage Equipment	6.70		0.0	0.00	53.98	6.67				
3941	Natural Gas Vehicle Equipment	3.00		11.5	0.00	42.50	5.00				
3950	Laboratory Equipment	5.00		0.0	10.00	0.00	5.00				
3960	Power Operated Equipment	6.50		9.1	10.00	35.40	6.00				
3970	Communication Equipment	8.30		0.0	0.00	30.79	7.69				
3980	Miscellaneous Equipment	5.00		0.0	0.00	33.56	5.88				

Notes:

Rates 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 rates and

(A) 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 rates were approved by Order No. PSC-2018-0190-FOF-GU in Docket No. 20170179-GU.

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

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

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.

(D) 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

CHESAPEAKE UTILITIES CORPORATION
FLORIDA CITY GAS
2025 NATURAL GAS DEPRECIATION STUDY
As of 1/1/2025
COMPARISON OF ANNUAL DEPRECIATION EXPENSES

		PLANT		CURRENT		COMPANY PROPOSED			STAFF RECOMMENDED		
	ACCOUNT - # / NAME	RESTATED BOOK INVESTMENT $45,658	RESTATED THEORETICAL RESERVE $45,658	RATE (%)	EXPENSES ($)	RATE (%)	EXPENSES ($)	CHANGE IN EXPENSES ($)	RATE (%)	EXPENSES ($)	CHANGE IN EXPENSES ($)
INTANGIBLE PLANT											
3031	Miscellaneous Intangible Plant - 15 Yrs (formally Acct 30302)	$2,126,505	$297,711	8.30	$176,500	6.67	$141,767	($34,733)		$0	$0
3032	Miscellaneous Intangible Plant - 20 Yrs	$6,944,592	$1,284,750	5.00	$347,230	5.00	$347,230	($0)		$0	$0
	Total Intangible Plant	$9,071,097	$1,582,461		$523,730		$488,997	($34,733)			
STORAGE PLANT											
3642	Structures & Improvements	$35,843	$717	2.00	$717	2.00	$717	($0)		$0	$0
3643	LNG Processing Terminal Equipment	$239,769	$4,795	2.00	$4,795	2.00	$4,795	$0		$0	$0
3645	Measuring and Regulating Equip.	$35,905	$718	2.00	$718	2.00	$718	$0		$0	$0
3646	Compressor Station Equipment	$59,702,374	$1,194,047	2.00	$1,194,047	2.00	$1,194,047	$0		$0	$0
	Total Storage Plant	$60,013,891	$1,200,277		$1,200,277		$1,200,278	$1			
DISTRIBUTION PLANT											
3743	Right-of-Way	$11,132	$4,618	0.00	$0	1.33	$148	$148		$0	$0
3750	Structures & Improvements	$273,829	$38,884	3.80	$10,406	2.86	$7,832	($2,575)		$0	$0
3761	Mains - Plastic (Formally Acct 3762)	$237,376,057	$41,659,498 (A)	1.60	$3,798,017	1.73	$4,106,606	$308,589		$0	$0
3762	Mains - Steel (Formally Acct 3761)	$143,280,076	$58,888,111 (A)	2.00	$2,865,602	2.15	$3,080,522	$214,920		$0	$0
3780	Measuring and Regulating Equip. - General	$2,556,627	$492,151	2.60	$66,472	2.75	$70,307	$3,835		$0	$0
3790	Measuring and Regulating Equip. - City Gates	$17,746,190	$5,075,410	2.00	$354,924	2.20	$390,416	$35,492		$0	$0
3801	Services - Plastic (Formally Acct 3802)	$128,613,988	$25,915,719 (A)	3.10	$3,987,034	2.55	$3,279,657	($707,377)		$0	$0
3802	Services - Steel (Formally Acct 3801)	$16,378,776	$15,969,307 (A)	2.50	$409,469	3.75	$614,204	$204,735		$0	$0
3810	Meters	$24,399,075	$9,352,165	6.90	$1,683,536	5.25	$1,280,855	($402,681)		$0	$0
3812	Meters - ERTs (Formally Acct 3811)	$4,266,834	$640,025 (A)	9.70	$413,883	5.00	$213,342	($200,541)		$0	$0
3820	Meter Installations	$6,362,150	$1,307,422	3.60	$229,037	2.27	$144,421	($84,616)		$0	$0
3821	Meter Installations - ERT	$258,204	$6,171	10.30	$26,595	2.27	$5,861	($20,734)		$0	$0
3830	House Regulators	$7,527,623	$1,615,428	2.30	$173,135	2.38	$179,157	$6,022		$0	$0
3840	House Regulators Installations	$2,065,464	$613,649	3.40	$70,226	2.13	$43,994	($26,232)		$0	$0
3850	Indus. Meas. & Reg. Station Equip	$3,740,797	$2,169,662	2.30	$86,038	2.50	$93,520	$7,482		$0	$0
3870	Other Equipment	$2,783,990	$554,571	4.40	$122,496	2.86	$79,622	($42,874)		$0	$0
	Total Distribution Plant	$597,640,812	$164,302,791		$14,296,870		$13,590,464	($706,406)		$0	$0
GENERAL PLANT											
3900	Structures & Improvements	$13,115,013	$2,295,127	4.00	$524,601	2.50	$327,875	($196,726)		$0	$0
3910	Office Equipment	$36,234	$11,656 (B)	6.70	$2,428	7.14	$2,588	$160		$0	$0
3912	Computer Hardware (Combines Accts 39112 and 3915)	$1,062,207	$499,237 (B)	20.00	$212,441	10.00	$106,221	($106,220)		$0	$0
3913	Office Furniture (formally account 3910)	$1,280,582	$441,801 (B)	6.70	$85,799	5.00	$64,029	($21,770)		$0	$0
3914	Computer Software (formally account 39111)	$0	$0 (B)	8.30	$0	10.00	$0	$0		$0	$0
3921	Transportation - Cars (revised subaccount)	$324,144	$201,779 (C)	6.00	$19,449	7.50	$24,311	$4,862		$0	$0
3922	Transportation - Light -Med. Trucks, SUVs & Vans (revised subaccount)	$8,392,837	$2,516,173 (C)	6.60	$553,927	6.67	$559,746	$5,819		$0	$0
3923	Transportation - Heavy Trucks	$1,040,846	$554,979 (C)	7.70	$80,145	6.92	$72,034	($8,111)		$0	$0
3924	Transportation - Trailers (formally account 3920)	$174,493	$88,991 (C)	13.40	$23,382	5.00	$8,725	($14,657)		$0	$0
3930	Stores Equipment	$32,400	$1,840	4.00	$1,296	3.85	$1,246	($50)		$0	$0
3940	Tools, Shop & Garage Equipment	$965,394	$521,120	6.70	$64,681	6.67	$64,360	($321)		$0	$0
3941	Natural Gas Vehicle Equipment	$1,564,203	$664,786	3.00	$46,926	5.00	$78,210	$31,284		$0	$0
3950	Laboratory Equipment	$0	$0	5.00	$0	5.00	$0	$0		$0	$0
3960	Power Operated Equipment	$278,349	$98,536	6.50	$18,093	6.00	$16,701	($1,392)		$0	$0
3970	Communication Equipment	$1,202,866	$370,362	8.30	$99,838	7.69	$92,528	($7,310)		$0	$0
3980	Miscellaneous Equipment	$505,540	$169,659	5.00	$25,277	5.88	$29,738	$4,461		$0	$0
	Total General Plant	$29,975,107	$8,436,046		$1,758,283		$1,448,313	($309,970)		$0	$0
	Total Plant				$17,779,160		$16,728,051	($1,051,109)		$0	$0
	2 Yr Reserve Surplus Amortization						($11,176,769)	($11,176,769)		$0	$0
	Total Plant w/ Amtz	$696,700,906	$175,521,575		$17,779,160		$5,551,282	($12,227,878)		$0	$0

Notes:

(A) 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.

(B) Restated all Office Furniture and Equipment and Software assets based on proposed subaccounts shown on

(C) Restated all Transportation assets based on proposed subaccounts shown on Sch L

CHESAPEAKE UTILITIES CORPORATION
FLORIDA CITY GAS
2025 NATURAL GAS DEPRECIATION STUDY
As of 1/1/2025
COMPARISON OF ACCUMULATED BOOK RESERVE AND THEORETICAL RESERVE

		PLANT			PROPOSED RATES				
ACCOUNT - # / NAME		BOOK INVESTMENT W/ STUDY ADJUSTMENTS 1/1/2025	BOOK RESERVE W/ STUDY ADJUSTMENTS 1/1/2025		THEORETICAL RESERVE (%)	THEORETICAL RESERVE ($)	IMBALANCE	WLR (%)	ARL (YEARS)
STORAGE PLANT									
3642	Structures & Improvements	$35,843	$807		2.00	$717	($90)	2.00	49.00
3643	LNG Processing Terminal Equipment	$239,769	$2,464		2.00	$4,795	$2,331	2.00	49.00
3645	Measuring and Regulating Equip.	$35,905	$808		2.00	$718	($90)	2.00	49.00
3646	Compressor Station Equipment	$59,702,374	$1,922,731		2.00	$1,194,047	($728,684)	2.00	49.00
	Total Storage Plant	**$60,013,891**	**$1,926,810**			**$1,200,277**	**($726,533)**		
DISTRIBUTION PLANT									
3743	Right-of-Way	$11,132	$0		41.48	$4,618	$4,618	1.33	44.00
3750	Structures & Improvements	$273,829	$8,672		14.20	$38,884	$30,212	2.86	30.00
3761	Mains - Plastic (Formally Acct 3762)	$237,376,057	$49,591,899	(A)	17.55	$41,659,498	($7,932,401)	1.73	65.00
3762	Mains - Steel (Formally Acct 3761)	$143,280,076	$66,007,374	(A)	41.10	$58,888,111	($7,119,263)	2.15	46.00
3780	Measuring and Regulating Equip. - General	$2,556,627	$410,733		19.25	$492,151	$81,418	2.75	33.00
3790	Measuring and Regulating Equip. - City Gates	$17,746,190	$5,689,779		28.60	$5,075,410	($614,369)	2.20	37.00
3801	Services - Plastic (Formally Acct 3802)	$128,613,988	$32,898,453	(A)	20.15	$25,915,719	($6,982,734)	2.55	47.00
3802	Services - Steel (Formally Acct 3801)	$16,378,776	$18,490,162	(A)	97.50	$15,969,307	($2,520,855)	3.75	34.00
3810	Meters	$24,399,075	$6,293,599		38.33	$9,352,165	$3,058,566	5.25	12.70
3812	Meters - ERTs (Formally Acct 3811)	$4,266,834	$301,699	(A)	15.00	$640,025	$338,326	5.00	17.00
3820	Meter Installations	$6,362,150	$242,463		20.55	$1,307,422	$1,064,959	2.27	35.00
3821	Meter Installations - ERT	$258,204	$6,171		2.39	$6,171	$0	2.27	43.00
3830	House Regulators	$7,527,623	$1,225,606		21.46	$1,615,428	$389,822	2.38	33.00
3840	House Regulators Installations	$2,065,464	$432,366		29.71	$613,649	$181,283	2.13	33.00
3850	Indus. Meas. & Reg. Station Equip	$3,740,797	$2,309,679		58.00	$2,169,662	($140,017)	2.50	16.80
3870	Other Equipment	$2,783,990	$713,530		19.92	$554,571	($158,959)	2.86	28.00
	Total Distribution Plant	**$597,640,812**	**$184,622,185**			**$164,302,791**	**($20,319,394)**		
GENERAL PLANT									
3900	Structures & Improvements	$13,115,013	$2,490,539		17.50	$2,295,127	($195,412)	2.50	33.00
3921	Transportation - Cars (revised subaccount)	$324,144	$163,750	(B)	62.25	$201,779	$38,029	7.50	3.70
3922	Transportation - Light -Med. Trucks, SUVs & Vans (revised subaccount)	$8,392,837	$3,441,447	(B)	29.98	$2,516,173	($925,274)	6.67	7.50
3923	Transportation - Heavy Trucks	$1,040,846	$591,746	(B)	53.32	$554,979	($36,767)	6.92	5.30
3924	Transportation - Trailers (formally account 3920)	$174,493	$137,364	(B)	51.00	$88,991	($48,373)	5.00	9.80
3941	Natural Gas Vehicle Equipment	$1,564,203	$826,016		42.50	$664,786	($161,230)	5.00	11.50
3960	Power Operated Equipment	$278,349	$84,705		35.40	$98,536	$13,831	6.00	9.10
	Total General Plant	**$24,889,884**	**$7,735,567**			**$6,420,371**	**($1,315,196)**		
	Total Plant	**$682,544,587**	**$194,284,562**			**$171,923,439**	**($22,361,123)**		

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.

(A) Intantibles 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.

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

CHESAPEAKE UTILITIES CORPORATION

FLORIDA CITY GAS

2025 NATURAL GAS DEPRECIATION STUDY

As of 1/1/2025

COMPARISON OF ACCUMULATED BOOK RESERVE AND THEORETICAL RESERVE

	ACCOUNT - # / NAME	ADJUSTED BOOK INVESTMENT	ADJUSTED BOOK RESERVE		THEORETICAL RESERVE (%)	THEORETICAL RESERVE ($)	IMBALANCE	WLR (%)	ARL (YEARS)
STORAGE PLANT									
3642	Structures & Improvements	$35,843	$807		2.00	$717	($90)	2.00	49.00
3643	LNG Processing Terminal Equipment	$239,769	$2,464		2.00	$4,795	$2,331	2.00	49.00
3645	Measuring and Regulating Equip.	$35,905	$808		2.00	$718	($90)	2.00	49.00
3646	Compressor Station Equipment	$59,702,374	$1,922,731		2.00	$1,194,047	($728,684)	2.00	49.00
	Total Storage Plant	**$60,013,891**	**$1,926,810**			**$1,200,277**	**($726,533)**		
DISTRIBUTION PLANT									
3743	Right-of-Way	$11,132	$0		41.48	$4,618	$4,618	1.33	44.00
3750	Structures & Improvements	$273,829	$8,672		14.20	$38,884	$30,212	2.86	30.00
3761	Mains - Plastic (Formally Acct 3762)	$237,376,057	$49,591,899	(A)	17.55	$41,659,498	($7,932,401)	1.73	65.00
3762	Mains - Steel (Formally Acct 3761)	$143,280,076	$66,007,374	(A), (C)	41.10	$58,888,111	($7,119,263)	2.15	46.00
3780	Measuring and Regulating Equip. - General	$2,556,627	$410,733		19.25	$492,151	$81,418	2.75	33.00
3790	Measuring and Regulating Equip. - City Gates	$17,746,190	$5,689,779		28.60	$5,075,410	($614,369)	2.20	37.00
3801	Services - Plastic (Formally Acct 3802)	$128,613,988	$32,898,453	(A)	20.15	$25,915,719	($6,982,734)	2.55	47.00
3802	Services - Steel (Formally Acct 3801)	$16,378,776	$18,490,162	(A)	97.50	$15,969,307	($2,520,855)	3.75	34.00
3810	Meters	$24,399,075	$6,293,599		38.33	$9,352,165	$3,058,566	5.25	12.70
3812	Meters - ERTs (Formally Acct 3811)	$4,266,834	$301,699	(A)	15.00	$640,025	$338,326	5.00	17.00
3820	Meter Installations	$6,362,150	$242,463		20.55	$1,307,422	$1,064,959	2.27	35.00
3821	Meter Installations - ERT	$258,204	$6,171	(C)	2.39	$6,171	$0	2.27	43.00
3830	House Regulators	$7,527,623	$1,225,606		21.46	$1,615,428	$389,822	2.38	33.00
3840	House Regulators Installations	$2,065,464	$432,366		29.71	$613,649	$181,283	2.13	33.00
3850	Indus. Meas. & Reg. Station Equip	$3,740,797	$2,309,679		58.00	$2,169,662	($140,017)	2.50	16.80
3870	Other Equipment	$2,783,990	$713,530		19.92	$554,571	($158,959)	2.86	28.00
	Total Distribution Plant	**$597,640,812**	**$184,622,185**			**$164,302,791**	**($20,319,394)**		
GENERAL PLANT									
3900	Structures & Improvements	$13,115,013	$2,490,539		17.50	$2,295,127	($195,412)	2.50	33.00
3921	Transportation - Cars (revised subaccount)	$324,144	$163,750	(B)	62.25	$201,779	$38,029	7.50	3.70
3922	Transportation - Light -Med. Trucks, SUVs & Vans (revised subaccount)	$8,392,837	$3,441,447	(B)	29.98	$2,516,173	($925,274)	6.67	7.50
3923	Transportation - Heavy Trucks	$1,040,846	$591,746	(B)	53.32	$554,979	($36,767)	6.92	5.30
3924	Transportation - Trailers (formally account 3920)	$174,493	$137,364	(B)	51.00	$88,991	($48,373)	5.00	9.80
3941	Natural Gas Vehicle Equipment	$1,564,203	$826,016		42.50	$664,786	($161,230)	5.00	11.50
3960	Power Operated Equipment	$278,349	$84,705		35.40	$98,536	$13,831	6.00	9.10
	Total General Plant	**$24,889,884**	**$7,735,567**			**$6,420,371**	**($1,315,196)**		
	Total Plant	**$682,544,587**	**$194,284,562**			**$171,923,439**	**($22,361,123)**		
						AMORTIZATION PERIOD	**2**		
						ANNUAL AMORTIZATION	**($11,180,562)**		

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 Steel Mains
(A) 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.

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

(C) Reserve Balance Restated to include Proposed Reserve Transfer

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 5th day of August, 2025.

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