STATE OF FLORIDA

DIVISION OF ECONOMICS
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Public Service Commission

August 12, 2025

Beth Keating, Esq.
Gunster, Yoakley & Stewart, P.A.
215 South Monroe Street
Tallahassee, FL 32301-1839

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

Dear Ms. Keating,

Staff has completed its report regarding Florida City Gas's (FCG or Company) current depreciation study. This report documents staff's preliminary positions concerning FCG's study. Please provide your response to the report by September 2, 2025. Specifically, please indicate whether FCG is in agreement or disagreement with staff's preliminary positions.

Should you have any questions, or need further information, please do not hesitate to contact me at (850) 413-6648.

Sincerely,

/s/ Andrew Kunkler
Public Utilities Analyst

Attachment
cc: Miguel Bustos
Office of Public Counsel
Commission Clerk

Florida City Gas Company
2025 Depreciation Study
Docket No. 20250035-GU

STAFF REPORT

This report represents staff's initial position. The report consists of three sections:

A. **Information** - includes information necessary to understand staff's proposals.

B. **Staffs Initial Proposals** - includes staff's proposals for which staff seeks FCG's concurrence or exceptions.

C. **Summary Tables** - these tables provide staff's initial position on inputs, rates, and resulting depreciation expense for all accounts.

A. Information

Commission Rounding Convention

Staff recalculated FCG's proposed depreciation rates for each account shown in Attachment A "Comparison of Rates and Components" based on the Commission rounding convention. These recalculated rates are what staff considers as FCG's proposal. The rounding conventions are:

Remaining lives over 20 years:	rounded to the nearest whole year
Remaining lives less than 20 years:	rounded to one decimal place
Net salvage factor:	rounded to the nearest whole number
Reserve Ratio:	rounded to two decimal places
Depreciation rates:	rounded to one decimal place

B. Staff's Initial Proposals

Staffs proposals listed below are either general in nature (e.g., the theoretical reserve proposal) or specific to a particular account (e.g., a proposal to decrease the net salvage factor for Account 380: Services - Plastic). Staff's initial proposals are based on all of the Company's filings in the instant case, including the depreciation study itself, data request responses, and staff's familiarity with past depreciation studies submitted to the Commission. For each item listed below, please state whether or not FCG agrees with staff's proposal. If FCG does not agree with staff's proposal, please indicate why and provide a counter proposal.

The total plant investment and associated book reserve in FCG's gas plant accounts was $696,714,095 and $197,888,301, respectively, at the end of this study period, December 31, 2024. The Company's current annual accrual of depreciation/amortization expense is $17,779,178.

A depreciation study provides an opportunity to review the present status of the investment recovery and determine whether any changes should be made to the existing pattern of recovery (depreciation rates). Depreciation rates help determine the pattern/speed of recovery. When changes to the recovery pattern are needed, most commonly staff will recommend using the remaining life technique for addressing any needed changes. In general, this technique applies a remaining life depreciation rate to the company's plant accounts. The remaining life depreciation rate is a fallout of several inputs including the average service life (ASL), average age, remaining life, reserve percentage, and net salvage. The ASL refers to the overall period the account is expected to serve the public and is projected based on experience or estimates. The average remaining life is the remaining period of service which can be expected from the equipment or the plant asset under study.

As part of its study, FCG provided aged retirement data for the 2021 through 2024 study period. FCG provided the average age distribution of the surviving investments on an account-by-account basis. The Company also provided net salvage analysis for each account and a narrative explanation for each category of depreciable plant. The Company did not conduct a statistical life analysis on its assets, but instead relied on a combination of the life analysis performed in FCG's 2022 Depreciation Study, the depreciation parameters of other Florida gas companies, recent account activity, and the professional judgement of FCG personnel and depreciation expert Patricia Lee.

Staff examined the appropriateness of the combination of depreciation components (i.e. age, ASL, net salvage, and curve shape) and resulting remaining lives proposed by the Company. For the majority of the accounts, staff agrees that the Company's proposals are reasonable. For the accounts in which staff does not agree with the Company's parameter proposals, staff's reasoning is detailed in the account-by-account analysis beginning on page 8.

Amortizable Accounts: For the Company's amortizable accounts, the company wishes to synchronize its amortization periods with those of its parent company, Chesapeake Utilities Corporation (CUC), which has uniform amortization periods for amortizable accounts across all of its natural gas distribution business units. After applying the new amortization periods to the company's amortizable accounts, a reserve deficit of $7,586 exists, which the Company proposes to amortize over 2 years. Due to the immaterial amount of this imbalance, staff agrees the Company's proposal is reasonable.

In addition, as the Company explains in its petition, as amortizable assets reach the ASL of each account, the associated original cost is retired from the books and records annually. The company has identified amortizable assets that exceed the ASL of their respective accounts and has designated these assets, totaling $13,189, for retirement. The resulting annual amortization expense is $849,707 as shown in Table 1 below. The Company's amortizable accounts are denoted with an '*' in the account-by-account analysis section.

Table 1: Amortizable Plant Accounts

Acct. No.	Book Investment	Book Reserve	Designated for Retirement (Age > ASL)	Restated Book Investment	Restated Book Reserve	Theoretical Reserve	Imbalance (+) = surplus (-) = deficit	Amortization Period (yrs)	Remaining Life (yrs)	Amortization Rate (%)	Annual Amortization Expense
3031	$2,126,725	$313,482	$220	$2,126,505	$313,262	$297,711	$15,551	15	12.9	6.7	$141,767
3032	$6,944,592	$1,307,491	$0	$6,944,592	$1,307,491	$1,284,750	$22,741	20	16.3	5.0	$347,230
3910	$36,234	$40,214	$0	$36,234	$40,214	$11,656	$28,558	14	9.5	7.1	$2,588
3912	$1,062,207	$913,452	$0	$1,062,207	$913,452	$499,237	$414,215	10	5.3	10.0	$106,221
3913	$1,280,582	$447,729	$0	$1,280,582	$447,729	$441,801	$5,928	20	13.1	5.0	$64,029
3914	$0	$0	$0	$0	$0	$0	$0	10	10	10.0	$0
3930	$32,400	$1,566	$0	$32,400	$1,566	$1,840	($274)	26	24.5	3.9	$1,246
3940	$978,363	$340,658	$12,969	$965,394	$327,689	$521,120	($193,431)	15	6.9	6.7	$64,360
3950	$0	$0	$0	$0	$0	$0	$0	20	20	5.0	$0
3970	$1,202,866	$290,423	$0	$1,202,866	$290,423	$370,362	($79,939)	13	9	7.7	$92,528
3980	$505,540	($51,276)	$0	$505,540	($51,276)	$169,659	($220,935)	17	11.3	5.9	$29,738
Total	**$14,169,508**	**$3,603,739**	**$13,189**	**$14,156,319**	**$3,590,550**	**$3,598,136**	**($7,586)**				**$849,707**

Depreciable Accounts: For the Company's depreciable accounts, staff calculated the theoretical reserve based on its initial proposals identified in the "Account-By-Account Analysis" subsection appearing below. In order to remedy the large positive reserve imbalance in Account 3761: Mains-Plastic, staff proposes to reallocate the imbalance as shown below in Table 2.

Table 2: Recommended Reserve Allocation (depreciable accounts) - Staff's Initial Position

Acnt No.	Account Title	Book Reserve 1/1/2025	Theoretical Reserve 1/1/2025	Imbalance	Recommended Reserve Transfer	Restated Reserve
3642	Structures & Improvements	$807	$717	$90		$807
3643	LNG Processing Terminal Equipment	$2,464	$4,795	($2,331)		$2,464
3645	Measuring and Regulating Equip.	$808	$718	$90		$808
3646	Compressor Station Equipment	$1,922,731	$1,194,047	$728,684		$1,922,731
3743	Right-of-Way	$0	$4,601	($4,601)		$0
3750	Structures & Improvements	$8,672	$39,118	($30,446)		$8,672
3761	Mains - Plastic (Formally Acct 3762)	$49,591,899	$41,145,183	$8,446,716	($8,446,716)	$41,145,183
3762	Mains - Steel (Formally Acct 3761)	$67,185,809	$69,435,729	($2,249,920)	$2,249,920	$69,435,729
3780	Measuring and Regulating Equip. - General	$410,733	$492,151	($81,418)		$410,733
3790	Measuring and Regulating Equip. - City Gates	$5,689,779	$6,832,283	($1,142,504)	$864,242	$6,554,021
3801	Services - Plastic (Formally Acct 3802)	$32,898,453	$29,931,983	$2,966,470		$32,898,453
3802	Services - Steel (Formally Acct 3801)	$18,490,162	$18,426,123	$64,039		$18,490,162
3810	Meters	$6,293,599	$9,389,135	($3,095,536)	$3,095,536	$9,389,135
3812	Meters - ERTs (Formally Acct 3811)	$301,699	$641,492	($339,793)		$301,699
3820	Meter Installations	$242,463	$1,301,349	($1,058,886)	$1,058,886	$1,301,349
3821	Meter Installations - ERT	($1,172,264)	$5,868	($1,178,132)	$1,178,132	$5,868
3830	House Regulators	$1,225,606	$1,792,291	($566,685)		$1,225,606
3840	House Regulators Installations	$432,366	$613,491	($181,125)		$432,366
3850	Indus. Meas. & Reg. Station Equip	$2,309,679	$2,168,062	$141,617		$2,309,679
3870	Other Equipment	$713,530	$556,798	$156,732		$713,530
3900	Structures & Improvements	$2,490,539	$2,623,003	($132,464)		$2,490,539
3921	Transportation - Cars (revised subaccount)	$163,750	$203,248	($39,498)		$163,750
3922	Transportation - Light -Med. Trucks, SUVs & Vans (revised subaccount)	$3,441,447	$2,530,685	$910,762		$3,441,447
3923	Transportation - Heavy Trucks	$591,746	$556,287	$35,459		$591,746
3924	Transportation - Trailers (formally account 3920)	$137,364	$87,623	$49,741		$137,364
3941	Natural Gas Vehicle Equipment	$826,016	$664,662	$161,354		$826,016
3960	Power Operated Equipment	$84,705	$97,926	($13,221)		$84,705
Total		**$194,284,562**	**$190,739,369**	**$3,545,193**	**$0**	**$194,284,562**

As discussed above, the remaining life technique corrects imbalances between book reserve and theoretical reserve gradually over the remaining lives of the Company's depreciable assets. As shown in Table 3 below, a reserve imbalance (surplus) of $3.5M is calculated, an amount that staff proposes to correct via the remaining life technique.

Alternatively, as shown in Table 4, the Company proposes to address the imbalance it has estimated ($22.4M surplus) between the book reserve and the theoretical reserve via a two-year amortization period as described in its petition and study. This alternative methodology will result in different remaining life rates and corresponding annual expenses on a going forward basis when compared to the remaining life technique. A substantial portion of the difference between staff's reserve imbalance ($3.5M) and the Company's reserve imbalance ($22.4M) is attributable to the difference in the estimates of remaining life for Account 3762 – Mains-Steel (see Table 5 in the Summary Tables section). It is staff's opinion that the remaining life depreciation technique is the preferred option to correct the reserve imbalance in this instance. Tables 3 and 4 compares staff's calculated reserve imbalance and the Company's calculated reserve imbalance.

Table 3: Reserve Imbalance (non-amortizable accounts) - Staff Proposed

Acnt No.	Account Title	Book Reserve 1/1/2025	Proposed Reserve Transfer	Restated Book Reserve	Theoretical Reserve 1/1/2025	Imbalance (+) = surplus; (-) = deficit
3642	Structures & Improvements	$807		$807	$717	$90
3643	LNG Processing Terminal Equipment	$2,464		$2,464	$4,795	($2,331)
3645	Measuring and Regulating Equip.	$808		$808	$718	$90
3646	Compressor Station Equipment	$1,922,731		$1,922,731	$1,194,047	$728,684
3743	Right-of-Way	$0		$0	$4,601	($4,601)
3750	Structures & Improvements	$8,672		$8,672	$39,118	($30,446)
3761	Mains - Plastic (Formally Acct 3762)	$49,591,899	($8,446,716)	$41,145,183	$41,145,183	$0
3762	Mains - Steel (Formally Acct 3761)	$67,185,809	$2,249,920	$69,435,729	$69,435,729	$0
3780	Measuring and Regulating Equip. - General	$410,733		$410,733	$492,151	($81,418)
3790	Measuring and Regulating Equip. - City Gates	$5,689,779	$864,242	$6,554,021	$6,832,283	($278,262)
3801	Services - Plastic (Formally Acct 3802)	$32,898,453		$32,898,453	$29,931,983	$2,966,470
3802	Services - Steel (Formally Acct 3801)	$18,490,162		$18,490,162	$18,426,123	$64,039
3810	Meters	$6,293,599	$3,095,536	$9,389,135	$9,389,135	$0
3812	Meters - ERTs (Formally Acct 3811)	$301,699		$301,699	$641,492	($339,793)
3820	Meter Installations	$242,463	$1,058,886	$1,301,349	$1,301,349	$0
3821	Meter Installations - ERT	($1,172,264)	$1,178,132	$5,868	$5,868	$0
3830	House Regulators	$1,225,606		$1,225,606	$1,792,291	($566,685)
3840	House Regulators Installations	$432,366		$432,366	$613,491	($181,125)
3850	Indus. Meas. & Reg. Station Equip	$2,309,679		$2,309,679	$2,168,062	$141,617
3870	Other Equipment	$713,530		$713,530	$556,798	$156,732
3900	Structures & Improvements	$2,490,539		$2,490,539	$2,623,003	($132,464)
3921	Transportation - Cars (revised subaccount)	$163,750		$163,750	$203,248	($39,498)
3922	Transportation - Light -Med. Trucks, SUVs & Vans (revised subaccount)	$3,441,447		$3,441,447	$2,530,685	$910,762
3923	Transportation - Heavy Trucks	$591,746		$591,746	$556,287	$35,459
3924	Transportation - Trailers (formally account 3920)	$137,364		$137,364	$87,623	$49,741
3941	Natural Gas Vehicle Equipment	$826,016		$826,016	$664,662	$161,354
3960	Power Operated Equipment	$84,705		$84,705	$97,926	($13,221)
Total		$194,284,562	$0	$194,284,562	$190,739,369	$3,545,193

Table 4: Reserve Imbalance (non-amortizable accounts) - Company Proposed

Acnt No.	Account Title	Book Reserve	Proposed Reserve Transfer	Restated Book Reserve	Theoretical Reserve 1/1/2025	Imbalance (+) = surplus; (-) = deficit
3642	Structures & Improvements	$807		$807	$717	$90
3643	LNG Processing Terminal Equipment	$2,464		$2,464	$4,795	($2,331)
3645	Measuring and Regulating Equip.	$808		$808	$718	$90
3646	Compressor Station Equipment	$1,922,731		$1,922,731	$1,194,047	$728,684
3743	Right-of-Way	$0		$0	$4,618	($4,618)
3750	Structures & Improvements	$8,672		$8,672	$38,884	($30,212)
3761	Mains - Plastic (Formally Acct 3762)	$49,591,899		$49,591,899	$41,659,498	$7,932,401
3762	Mains - Steel (Formally Acct 3761)	$67,185,809	($1,178,435)	$66,007,374	$58,888,111	$7,119,263
3780	Measuring and Regulating Equip. - General	$410,733		$410,733	$492,151	($81,418)
3790	Measuring and Regulating Equip. - City Gates	$5,689,779		$5,689,779	$5,075,410	$614,369
3801	Services - Plastic (Formally Acct 3802)	$32,898,453		$32,898,453	$25,915,719	$6,982,734
3802	Services - Steel (Formally Acct 3801)	$18,490,162		$18,490,162	$15,969,307	$2,520,855
3810	Meters	$6,293,599		$6,293,599	$9,352,165	($3,058,566)
3812	Meters - ERTs (Formally Acct 3811)	$301,699		$301,699	$640,025	($338,326)
3820	Meter Installations	$242,463		$242,463	$1,307,422	($1,064,959)
3821	Meter Installations - ERT	($1,172,264)	$1,178,435	$6,171	$6,171	$0
3830	House Regulators	$1,225,606		$1,225,606	$1,615,428	($389,822)
3840	House Regulators Installations	$432,366		$432,366	$613,649	($181,283)
3850	Indus. Meas. & Reg. Station Equip	$2,309,679		$2,309,679	$2,169,662	$140,017
3870	Other Equipment	$713,530		$713,530	$554,571	$158,959
3900	Structures & Improvements	$2,490,539		$2,490,539	$2,295,127	$195,412
3921	Transportation - Cars (revised subaccount)	$163,750		$163,750	$201,779	($38,029)
3922	Transportation - Light -Med. Trucks, SUVs & Vans (revised subaccount)	$3,441,447		$3,441,447	$2,516,173	$925,274
3923	Transportation - Heavy Trucks	$591,746		$591,746	$554,979	$36,767
3924	Transportation - Trailers (formally account 3920)	$137,364		$137,364	$88,991	$48,373
3941	Natural Gas Vehicle Equipment	$826,016		$826,016	$664,786	$161,230
3960	Power Operated Equipment	$84,705		$84,705	$98,536	($13,831)
Total		$194,284,562	$0	$194,284,562	$171,923,439	$22,361,123

Account-By-Account Analysis

Intangible Plant

1. *Account 3031: Miscellaneous Intangible Plant – 15 years - Software*

   This account is an amortizable account with an average age of 2.1 years. The Company proposes extending the currently-approved 12 year amortization period to a 15-year amortization period to align the amortization with CUC's other natural gas business units. Staff agrees with the Company's proposal. This results in a remaining amortization period of 12.9 years and a 6.7 percent amortization rate for subsequent vintages.

2. *Account 3032: Miscellaneous Intangible Plant – 20 years – CIS/ERP Systems*

   This account currently has an average age of 3.7 years. The Company proposes retaining the currently-approved 20-year amortization period for this account. Staff concurs with the Company's proposal. This results in a remaining amortization period of 16.3 years and a 5.0 percent amortization rate for subsequent vintages.

Storage Plant

The following accounts are associated with FCG's liquefied natural gas (LNG) facility placed into service in 2023. Given the low average age of these accounts (1.5 years) and insufficient retirement historical data, FCG proposes to retain the 50-year ASL, S4 curve shape, and a zero percent net salvage factor, for all four accounts, as prescribed in FCG's 2017 Depreciation Study. FCG's 2017 Depreciation Study prescribed depreciation parameters for the LNG facility even though the facility had not been placed into service yet. Since the facility still was not in service as of December 31, 2022, FCG's 2022 Depreciation Study did not include the LNG facility, stating the parameters prescribed in FCG's 2017 Depreciation Study were within the range of estimates used for other LNG facilities. Staff agrees with the Company's proposal to continue with the rates prescribed in FCG's 2017 Depreciation Study. The resulting remaining life rates for each account are calculated below.

3. Account 3642: Structures and Improvements

   With a 50-year ASL, an average age of 1.5, and an S4 curve shape, an average remaining life of 49 years is calculated. The resulting remaining life depreciation rate is 2.0 percent

4. Account 3643: LNG Processing Equipment

   With a 50-year ASL, an average age of 1.5, and an S4 curve shape, an average remaining life of 49 years is calculated. The resulting remaining life depreciation rate is 2.0 percent.

5. Account 3645: Measuring and Regulating Equipment

   With a 50 year ASL, an average age of 1.5, and an S4 curve shape, an average remaining life of 49 is calculated. The resulting remaining life depreciation rate is 2.0 percent.

6. Account 3646: Compressor Station Equipment

   With a 50-year ASL, an average age of 1.5, and an S4 curve shape, an average remaining life of 49 is calculated. The resulting remaining life depreciation rate is 2.0 percent.

Distribution Plant

7. Account 3743: Right-of-Way

   This account has an average age of 31 years and has no currently prescribed life or salvage factors. Due to this account being composed of easements and right-of-ways that have no end date and are held in perpetuity or until the underground facilities are abandoned, the Company proposes the life of this account match the longest-lived distribution account – Account 3761 – Mains-Plastic. The Company proposes an ASL of 75 years, a SQ curve shape, and a zero percent net salvage factor. Staff concurs with the Company.

   Using the parameters above, an ARL of 44 years and a 2.3 percent annual remaining life depreciation rate is calculated.

8. Account 3750: Structures and Improvements

   The ASL, curve shape, and net salvage currently prescribed for this account is 33 years, an L0 curve shape, and a zero percent net salvage factor. This account has an average age of 4.8 years.

   Due to no retirements reported over the 2021-2024 period and only 3 years experiencing any retirements over the past 20 years, the Company proposes extending the ASL to 35 years and transitioning to an R4 curve, as was proposed in FCG's 2022 Depreciation Study. The Company proposes no change to the existing net salvage factor of zero percent. Staff believes the Company's proposals are reasonable.

   Using these parameters, an ARL of 30 years is calculated. These parameters are then used to produce a remaining life depreciation rate of 3.2 percent for this account.

9. Account 3761: Mains– Plastic

   The ASL, curve shape, and net salvage factor currently prescribed for this account is 75 years, an R2 curve shape, and a (33) percent net salvage factor. This account has an average age of 10.4 years.

   The Company proposes to retain the current 75 year ASL, but transition to an R2.5 curve shape to be more "in line with the historical miniscule retirements as well as possible retirements of early vintages of plastic pipe." The Company originally proposed an R4 curve shape for this account, but later corrected its proposal to an R2.5 curve shape. However, after a review of the Company's historical retirement data and related retirement dispersion patterns of this account, it is staff's opinion that an R4 curve shape is the most reasonable curve shape for this account. In addition, an R4 curve shape was also proposed in FCG's 2022 depreciation study.

The Company also proposes to increase the net salvage factor from (33) percent to (30) percent due to the recent trend of lowering retirement costs, reflecting an average net salvage factor of (30) percent for the account over the 2021-2024 time period. Staff believes the Company's net salvage proposal is reasonable.

Based on the discussion above, these parameters result in an ARL of 65 years and a remaining life depreciation rate (inclusive of the reserve transfer) of 1.7 percent for this account.

10. <u>Account 3762: Mains – Steel</u>

The ASL, curve shape, and net salvage currently prescribed for this account is 65 years, an R1.5 curve shape, and a (50) percent net salvage factor. This account has an average age of 21.5 years.

The Company proposes to retain the current 65 year ASL, but transition to an R2.5 curve shape. Similarly to Account 3761, the Company originally proposed an R4 curve shape for this account, but later corrected its proposal to an R2.5 curve shape. Similarly to Account 3761, it is staff's opinion that Company's historical retirement data and related retirement dispersion patterns indicate an R4 curve shape is the most reasonable curve shape for this account, as was proposed in FCG's 2022 depreciation study, and was originally proposed in this study.

The Company also proposes to increase the net salvage factor from (50) percent to (40) percent due to the recent trends showing increasing average net salvage over time, and an expectation for the trend to continue. Due to the realized average net salvage factor for the account over the past 20 years being equal to (146) percent and the most recent 4 years averaging (64) percent, staff believes that retaining the currently approved (50) percent salvage factor is more reasonable, and would allow for the re-evaluation of the account's net salvage activity at the time of the Company's next depreciation study.

Based on the discussion above, these parameters result in an ARL of 44 years and a remaining life depreciation rate (inclusive of the reserve transfer) of 2.3 percent for this account.

11. <u>Account 3780: Measuring and Regulating Equip – General</u>

The ASL, curve shape, and net salvage currently prescribed for this account is 40 years, an R1.5 curve shape, and a (10) percent net salvage factor. The average age of this account is 7.5 years.

The Company proposes to retain the current 40 year ASL, and the (10) percent net salvage factor but transition to an S3 curve shape, which is the same curve shape proposed in FCG's 2022 Depreciation Study. Staff believes these parameters are reasonable, given the nature of the assets in this account

These parameters are then used to produce an ARL of 33 years and a remaining life depreciation rate of 2.8 percent for this account.

12. Account 3790: Measuring and Regulating Equip – City Gates

The ASL, curve shape, and net salvage currently prescribed for this account is 50 years, an R2.5 curve shape, and a (10) percent net salvage factor. The average age of this account is 13.8 years.

The Company proposes to retain the current 50-year ASL, and (10) percent net salvage but transition to an R3 curve shape. Since the assets in this account are similar to those in Account 3780, it is staff's opinion that it is most reasonable for the accounts to have the same depreciation parameters. Staff proposes an ASL of 40 years, (10) percent net salvage, and an S3 curve shape for this account, the same as Account 3780.

These parameters are then used to produce an ARL of 26 years and a remaining life depreciation rate (inclusive of the reserve transfer) of 2.8 percent for this account.

13. Account 3801: Services-Plastic

The ASL, curve shape, and net salvage currently prescribed for this account is 55 years, an R1.5 curve shape, and a (68) percent net salvage factor. The average age of this account is 10.5 years.

The Company proposes to retain the current 55 year ASL and R1.5 curve shape, but to increase the net salvage factor from (68) percent to (40) percent due to easier accessibility to retired pipe and the expectations of other Florida gas companies. The realized average net salvage factor for the account over the past 20 years was (398) percent and the most recent 4 years averaged (132) percent. The Company's asserts that these realized net salvage factors are based on a small amount of retirements and are not indicative of the future. In addition, the Company states that retired services are more accessible now than in the past and expects the trend of increasing net salvage to continue. While staff does not disagree with the Company's claims, it is staff's opinion that a more gradual increase to net salvage factor is a more reasonable approach, given the most recent 4-year average net salvage factor (132) is still substantially lower than the currently approved net salvage factor (68). FCG's 2022 Depreciation Study recommended a (60) net salvage factor for the account, which staff believes is a more reasonable net salvage factor at this time. Therefore, staff recommends adoption of a (60) percent salvage factor for the account, and re-evaluation of the account's net salvage activity at the time of the Company's next deprecation study.

Based on the above discussion, these parameters result in an ARL of 47 years and remaining life depreciation rate of 2.9 percent for this account.

14. Account 3802: Services-Steel

The ASL, curve shape, and net salvage currently prescribed for this account is 52 years, an R0.5 curve shape, and a (125) percent net salvage factor. The average age of this account is 34.5 years.

The Company proposes an increase to the ASL for this account to 60 years, a R1.5 curve shape, and to retain the current (125) percent net salvage factor. FCG's 2022 Depreciation Study recommended a 50-year ASL and R2.5 curve shape. The Company has not provided any analytical support (i.e. life analysis, curve fitting, etc..) for the proposed increase. The Company claims reliance on other Florida gas companies is necessary for its review of this account due to few historical retirements. Staff does not disagree with this claim, however, staff notes that the previously recommended 50-year ASL and the currently approved 52-year ASL are both within the range of the other Florida gas companies (48-60 years). At this time, staff recommends no change to the account's current ASL and curve shape due to lack of support for any revision.

Based on the above discussion, these parameters are then used to produce an ARL of 26 years and a remaining life depreciation rate of 4.3 percent for this account.

15. <u>Account 3810 – Meters</u>

The ASL, curve shape, and net salvage currently prescribed for this account is 19 years, an R2 curve shape, and a 3 percent net salvage factor. The average age of this account is 8.7 years.

The Company proposes to extend the ASL to 20 years, and proposes a (5) percent net salvage factor due to recent experienced negative net salvage for these assets. The Company states that it expects the average life of a meter to be between 15 and 20 years, while other gas companies have lives ranging from 20-28 years. Staff believes these parameters are reasonable. These parameters are then used to produce an ARL of 12.7 years and a remaining life depreciation rate (inclusive of the reserve transfer) of 5.3 percent for this account.

16. <u>Account 3812: Meters-ERT</u>

The ASL, curve shape, and net salvage currently prescribed for this account is 19 years, an R2 curve shape, and a 3 percent net salvage factor. The average age of this account is 3.4 years.

The Company proposes to extend the ASL to 20 years, and a 0 percent net salvage. The Company states that a 20 year life is common for this type of asset, which is the same ASL that was proposed in FCG's 2022 depreciation study. Staff believes these parameters are reasonable.

These parameters are then used to produce an ARL of 17 years and a remaining life depreciation rate of 5.5 percent for this account.

17. <u>Account 3820: Meter Installations</u>

The ASL, curve shape, and net salvage currently prescribed for this account is 44 years, an R1 curve shape, and a (25) percent net salvage factor. The average age of this account is 12.7 years.

The Company proposes to retain the current ASL and curve shape, but increase the net salvage factor from (25) percent to zero percent. Based on the net salvage data provided by the Company, staff believes this revision to net salvage is reasonable. These parameters are then used to produce an ARL of 35 years and a remaining life depreciation rate (inclusive of the reserve transfer) of 2.3 percent for this account.

18. Account 3821: Meter Installations-ERT

The ASL, curve shape, and net salvage currently prescribed for this account is 44 years, an R1 curve shape, and a (25) percent net salvage factor. The average age of this account is 0.8 years.

The Company proposes to retain the current ASL and curve shape, but increase the net salvage factor from (25) percent to zero percent, the same as Account 3820. Based on the Company's net salvage data, staff believes this revision to net salvage is reasonable. These parameters are then used to produce an ARL of 43 years and a remaining life deprecation rate (inclusive of the reserve transfer) of 2.3 percent

19. Account 3830: House Regulators

The ASL, curve shape, and net salvage currently prescribed for this account is 42 years, an S1 curve shape, and a 0 percent net salvage factor. The average age of this account is 11.0 years.

The Company proposes no change to the 42 year ASL and 0 percent net salvage, but does propose a change from an S1 curve shape to an S0 curve shape. After analyzing the Company's retirement data for this account, staff believes the parameters proposed by the Company are reasonable. Staff also notes that the proposed curve change has a de minimis impact on the remaining life and corresponding depreciation expense for this account.

Based on the discussion above, these parameters are then used to produce an ARL of 32 years and a remaining life depreciation rate of 2.6 percent for this account.

20. Account 3840: House Regulators Installations

The ASL, curve shape, and net salvage currently prescribed for this account is 47 years, an R1 curve shape, and a 0 percent net salvage factor. The average age of this account is 19.9 years.

The Company proposes a continuation of all parameters. Staff believes the Company's proposal and these parameters remain reasonable. These parameters are then used to produce an ARL of 33 years and a remaining life depreciation rate (inclusive of the reserve transfer) of 2.4 percent for this account.

21. Account 385: Industrial Measuring and Station Regulating Equipment

The ASL, curve shape, and net salvage currently prescribed for this account is 37 years, an R3 curve shape, and a (2) percent net salvage factor. The average age of this account is 24.3 years.

The Company proposes an increase in ASL from 37 years to 40 years, with an S3 curve shape and zero percent net salvage. The Company expects that, due to the nature of these assets, they will exhibit similar life characteristics as assets included Account 378. Staff agrees and believes these parameters are reasonable. These parameters are then used to produce an ARL of 16.8 years and a remaining life depreciation rate of 2.3 percent for this account.

22. <u>Account 387: Other Equipment</u>

The ASL, curve shape, and net salvage currently prescribed for this account is 24 years, an L2 curve shape, and a 0 percent net salvage factor. The average age of this account is 7.0 years.

The Company proposes an increase in ASL from 24 years to 35 years, with an R3 curve shape instead of an L2 curve shape and no change to net salvage. These proposed changes are the same parameters that were proposed in FCG's 2022 Deprecation Study. Staff believes the new proposed parameters are reasonable. These parameters are then used to produce an ARL of 28 years and a remaining life depreciation rate of 2.7 percent for this account.

<u>General Plant</u>

23. <u>Account 3990: Structures and Improvements</u>

The ASL, curve shape, and net salvage currently approved for this account is 25 years, an L0 curve shape, and a 0 percent net salvage factor. The average age of this account is 7.5 years.

The Company proposes an increase in ASL to 40 years, with an S0.5 curve shape and a continuation of zero percent net salvage. Staff agrees with the Company that a longer ASL may be appropriate, however, due to lack of retirement data, staff believes a gradual increase is the more reasonable approach than a single large increase. Staff believes the parameters proposed in FCG's 2022 Depreciation Study – a 30 year ASL and S0.5 curve shape represent the most reasonable parameters at this time. Staff also believes the Company's proposal to continue with a zero percent net salvage factor is reasonable.

The resulting ARL of 24 years and a remaining life depreciation rate of 3.4 percent is calculated for this account.

24. <u>*Account 3910 – Office Equipment</u>

This account has an average age of 4.5 years. The Company proposes reducing the currently-approved 15 year amortization period slightly to a 14-year amortization period to align the amortization with CUC's other natural gas business units. Staff believes this adjustment is reasonable. This adjustment results in a remaining amortization period of 9.5 years and a 7.1 percent amortization expense for subsequent vintages.

25. *Account 3912 – Computer Hardware

This account has an average age of 4.7 years. The Company proposes extending the currently-approved 5-year amortization period to a 10-year amortization period to align the amortization with CUC's other natural gas business units. Staff believes this adjustment is reasonable. This adjustment results in a remaining amortization period of 5.3 years and a 10 percent amortization expense for subsequent vintages.

26. *Account 3913 – Office Furniture

This account has an average age of 6.9 years. The Company proposes extending the currently-approved 15-year amortization period to a 20-year amortization period to align the amortization with CUC's other natural gas business units. Staff believes this adjustment is reasonable. This adjustment results in a remaining amortization period of 13.1 years and a 5 percent amortization expense for subsequent vintages.

27. *Account 3912 – Computer Software

This account has an average age of 0 years with $0 currently invested. The Company proposes reducing the currently-approved 12-year amortization period to a 10-year amortization period to align the amortization with CUC's other natural gas business units. Staff believes this adjustment is reasonable. This adjustment results in a remaining amortization period of 10 years and a 10 percent amortization expense for subsequent vintages.

28. Account 3921 – Transportation Equipment – Cars

The ASL, curve shape, and net salvage currently prescribed for this account is 9 years, an L2.5 curve shape, and a 11 percent net salvage factor. The average age of this account is 10.6 years.

Due to the current age of the account, the Company proposes to extend the ASL of this account from 9 years to 12 years with an S2 curve shape. An S2 curve shape is the same shape proposed in FCG's 2022 Depreciation Study. The Company also proposes a slight reduction to net salvage factor, from 11 percent to 10 percent due to the older age of the vehicles. Given the average age of this account, staff believes these parameters are reasonable.

These parameters are then used to produce an ARL of 3.6 years and a remaining life depreciation rate of 10.8 percent for this account.

29. Account 3922 – Transportation Equipment – Light-Med Trucks, SUV's & Vans

The ASL, curve shape, and net salvage currently prescribed for this account is 10 years, an L3 curve shape, and a 11 percent net salvage factor. The average age of this account is 4.7 years.

The Company proposes to extend the ASL of this account to 12 years and transition to an S2 curve shape, the same ASL/curve combination as Account 3921. Due to a higher realized average net salvage of 37 percent over the recent period, the Company also proposes an increase to a 20 percent net salvage factor. Staff reviewed the Company's historical retirement and net salvage factor for the account and believes the proposed parameters are reasonable.

Using these adjusted parameters produces an ARL of 7.5 years and a remaining life depreciation rate of 5.2 percent for this account.

30. Account 3923 – Transportation Equipment – Heavy Trucks

The ASL, curve shape, and net salvage currently prescribed for this account is 12 years, an L2 curve shape, and a 4 percent net salvage factor. The average age of this account is 8.7 years.

The Company proposes to extend the ASL of this account slightly from 12 years to 13 years, change the curve shape from an L2 to an L3 curve shape, and increase net salvage from 4 percent to 10 percent as was proposed in FCG's 2022 Depreciation Study. Staff believes these parameters are reasonable. Using these adjusted parameters produces an ARL of 5.3 years and a remaining life depreciation rate of 6.3 percent for this account.

31. Account 3924 – Transportation Equipment – Trailers

The ASL, curve shape, and net salvage currently prescribed for this account is 12 years, an L2 curve shape, and a 4 percent net salvage factor. The average age of this account is 13.8 years.

Due to the current age of the account, the Company proposes to extend the ASL of this account to 20 years and to retain the L2 curve shape. The Company also proposes a slight reduction to net salvage, from 4 percent to 0 percent net salvage. Due to there being no recent salvage activity for this account, staff believes that retaining the currently-approved 4 percent net salvage factor is most reasonable. The adjusted parameters are then used to produce an ARL of 9.5 years and a remaining life depreciation rate of 1.8 percent for this account.

32. *Account 3930 – Stores Equipment

This account has an average age of 1.5 years. The Company proposes extending the currently-approved 25-year amortization period to a 26-year amortization period to align the amortization with CUC's other natural gas business units. Staff believe this adjustment is reasonable. This proposal results in a remaining amortization period of 25 years and a 3.8 percent amortization expense for subsequent vintages.

33. *Account 3940 – Tools, Shop, and Garage Equipment

This account has an average age of 8.2 years. The Company proposes retaining the currently-approved 15-year amortization period. Absent any compelling argument to the contrary, staff believe this amortization period remains reasonable. The resulting remaining amortization period is 6.8 years with a 6.7 percent amortization expense for subsequent vintages.

34. Account 3941 – Natural Gas Vehicle Equipment

The ASL, curve shape, and net salvage factor currently prescribed for this account is 20 years, and an S4 curve shape, with 0 percent net salvage. The average age of this account is 8.5 years.

The Company proposes to retain all the parameters listed above. These parameters were also proposed in FCG's 2022 Deprecation Study. Staff believes these parameters remain reasonable. These parameters are then used to produce an ARL of 11.5 years and a remaining life depreciation rate of 4.1 percent for this account.

35. *Account 3950 – Laboratory Equipment

This account has an average age of 0 years. The Company proposes retaining the currently-approved 20-year amortization period. Staff believes this amortization period remains reasonable. The remaining amortization period is then 20 years with a 5 percent amortization expense for subsequent vintages.

36. Account 3960 – Power Operated Equipment

The ASL, curve shape, and net salvage factor currently prescribed for this account is 15 years, and an SQ curve shape, with a 10 percent net salvage factor. The average age of this account is 6.6 years.

The Company proposes to retain all the parameters listed above, with the exception of the curve shape, proposing an L2 curve instead of an SQ curve. The proposed L2 curve shape is similar to the curve shape proposed in FCG's 2022 Depreciation Study (L2.5). Therefore, staff believes these parameters are reasonable. These parameters are then used to produce an ARL of 9.1 years and a remaining life depreciation rate of 6.5 percent for this account.

37. *Account 3970 – Communication Equipment

This account has an average age of 4.0 years. The Company proposes slightly extending the currently-approved 12-year amortization period to a 13-year amortization period to align the amortization with CUC's other natural gas business units. Staff believe this adjustment is reasonable. This results in a remaining amortization period of 9.0 years and an 7.7 percent amortization expense for subsequent vintages.

38. *Account 3980 – Miscellaneous Equipment

This account has an average age of 5.7 years. The Company proposes reducing the currently-approved 20-year amortization period to a 17-year amortization period to align the amortization with CUC's other natural gas business units. Staff believe this adjustment is reasonable. These adjustments result in a remaining amortization period of 11.3 years and a 5.9 percent amortization expense for subsequent vintages.

C. Summary Tables

Summary tables for the current, company-proposed, and staff-proposed inputs, rates, and resulting expense follow. Overall, staff's initial position results in a decrease to annual depreciation expense of $220,379 ($17,779,160 - $17,558,781), per Table 6. Note that small deviations between the Company-proposed and staff-proposed expenses are attributable to rounding.

Table 5: Comparison of Rates and Components

		CURRENT*				COMPANY PROPOSED				STAFF PROPOSED			
Acnt No.	Account Title	AVERAGE SERVICE LIFE (YRS)	AVERAGE REMAINING LIFE (YRS.)	NET SAL (%)	REMAINING LIFE RATE (%)	AVERAGE SERVICE LIFE (YRS)	AVERAGE REMAINING LIFE (YRS.)	NET SAL (%)	REMAINING LIFE RATE (%)	AVERAGE SERVICE LIFE (YRS)	AVERAGE REMAINING LIFE (YRS.)	NET SAL (%)	REMAINING LIFE RATE (%)
3031	Miscellaneous Intangible Plant - 15 Yrs (formally Acct 30302)	12 Yr Amortization				15 Yr Amortization				15 Yr Amortization			
3032	Miscellaneous Intangible Plant - 20 Yrs	20 Yr Amortization				20 Yr Amortization				20 Yr Amortization			
3642	Structures & Improvements	50.0	50.0	0	2.0	50.0	49.0	0	2.0	50.0	49.0	0	2.0
3643	LNG Processing Terminal Equipment	50.0	50.0	0	2.0	50.0	49.0	0	2.0	50.0	49.0	0	2.0
3645	Measuring and Regulating Equip.	50.0	50.0	0	2.0	50.0	49.0	0	2.0	50.0	49.0	0	2.0
3646	Compressor Station Equipment	50.0	50.0	0	2.0	50.0	49.0	0	2.0	50.0	49.0	0	2.0
3743	Right-of-Way					75.0	44.0	0	1.3	75.0	44.0	0	2.3
3750	Structures & Improvements	33.0	31.0	0	3.8	35.0	30.0	0	2.9	35.0	30.0	0	3.2
3761	Mains - Plastic (Formally Acct 3762)	75.0	65.9	(33)	1.6	75.0	65.0	(30)	1.7	75.0	65.0	(30)	1.7
3762	Mains - Steel (Formally Acct 3761)	65.0	50.3	(50)	2.0	65.0	46.0	(40)	2.2	65.0	44.0	(50)	2.3
3780	Measuring and Regulating Equip. - General	40.0	36.9	(10)	2.6	40.0	33.0	(10)	2.8	40.0	33.0	(10)	2.8
3790	Measuring and Regulating Equip. - City Gates	50.0	40.6	(10)	2.0	50.0	37.0	(10)	2.2	40.0	26.0	(10)	2.8
3801	Services - Plastic (Formally Acct 3802)	55.0	46.6	(68)	3.1	55.0	47.0	(40)	2.6	55.0	47.0	(60)	2.9
3802	Services - Steel (Formally Acct 3801)	52.0	32.2	(125)	2.5	60.0	34.0	(125)	3.8	52.0	26.0	(125)	4.3
3810	Meters	19.0	12.4	3	6.9	20.0	12.7	(5)	5.2	20.0	12.7	(5)	5.3
3812	Meters - ERTs (Formally Acct 3811)	19.0	14.4	3	9.7	20.0	17.0	0	5.0	20.0	17.0	0	5.5
3820	Meter Installations	44.0	35.0	(25)	3.6	44.0	35.0	0	2.3	44.0	35.0	0	2.3
3821	Meter Installations - ERT	44.0	36.2	(25)	10.3	44.0	43.0	0	2.3	44.0	43.0	0	2.3
3830	House Regulators	42.0	33.1	0	2.3	42.0	33.0	0	2.4	42.0	32.0	0	2.6
3840	House Regulators Installations	47.0	34.9	(25)	3.4	47.0	33.0	0	2.1	47.0	33.0	0	2.4
3850	Indus. Meas. & Reg. Station Equip	37.0	17.8	(2)	2.3	40.0	16.8	0	2.5	40.0	16.8	0	2.3
3870	Other Equipment	24.0	18.1	0	4.4	35.0	28.0	0	2.9	35.0	28.0	0	2.7
3900	Structures & Improvements	25.0	20.2	0	4.0	40.0	33.0	0	2.5	30.0	24.0	0	3.4
3910	Office Equipment	15 Yr Amortization				14 Yr Amortization				14 Yr Amortization			
3912	Computer Hardware (Combines Accts 39112 and 3915)	5 Yr Amortization				10 Yr Amortization				10 Yr Amortization			
3913	Office Furniture (formally account 3910)	15 Yr Amortization				20 Yr Amortization				20 Yr Amortization			
3914	Computer Software (formally account 39111)	12 Yr Amortization				10 Yr Amortization				10 Yr Amortization			
3921	Transportation - Cars (revised subaccount)	9.0	4.2	11	6.0	12.0	3.7	10	7.5	12.0	3.6	10	10.8
3922	Transportation - Light -Med. Trucks, SUVs & Vans (revised subaccount)	10.0	6.1	11	6.6	12.0	7.5	20	6.7	12.0	7.5	20	5.2
3923	Transportation - Heavy Trucks	12.0	6.5	4	7.7	13.0	5.3	10	6.9	13.0	5.3	10	6.3
3924	Transportation - Trailers (formally account 3920)	12.0	4.7	4	13.4	20.0	9.8	0	5.0	20.0	9.5	0	1.8
3930	Stores Equipment	25 Yr Amortization				26 Yr Amortization				26 Yr Amortization			
3940	Tools, Shop & Garage Equipment	15 Yr Amortization				15 Yr Amortization				15 Yr Amortization			
3941	Natural Gas Vehicle Equipment	20.0	13.5	0	3.0	20.0	11.5	0.00	5.0	20.0	11.5	0	4.1
3950	Laboratory Equipment	20 Yr Amortization				20 Yr Amortization				20 Yr Amortization			
3960	Power Operated Equipment	15.0	10.3	10	6.5	15.0	9.1	10	6.0	15.0	9.1	10	6.5
3970	Communication Equipment	12 Yr Amortization				13 Yr Amortization				13 Yr Amortization			
3980	Miscellaneous Equipment	20 Yr Amortization				17 Yr Amortization				17 Yr Amortization			

*Order No. PSC-2023-0177-FOF-GU.

Table 6: Comparison of Expenses

Acnt No.	Account Title	CURRENT* Depreciation/ Amortization Rate (%)	CURRENT* Annual Expense	COMPANY PROPOSED Depreciation/ Amortization Rate (%)	COMPANY PROPOSED Annual Expense	STAFF PROPOSED Depreciation/ Amortization Rate (%)	STAFF PROPOSED Annual Expense
3031	Miscellaneous Intangible Plant - 15 Yrs (formally Acct 30302)	8.3	$176,500	6.7	$141,767	6.7	$141,782
3032	Miscellaneous Intangible Plant - 20 Yrs	5.0	$347,230	5.0	$347,230	5.0	$347,230
3642	Structures & Improvements	2.0	$717	2.0	$717	2.0	$715
3643	LNG Processing Terminal Equipment	2.0	$4,795	2.0	$4,795	2.0	$4,843
3645	Measuring and Regulating Equip.	2.0	$718	2.0	$718	2.0	$716
3646	Compressor Station Equipment	2.0	$1,194,047	2.0	$1,194,047	2.0	$1,179,176
3743	Right-of-Way		$0	1.3	$148	2.3	$253
3750	Structures & Improvements	3.8	$10,406	2.9	$7,832	3.2	$8,839
3761	Mains - Plastic (Formally Acct 3762)	1.6	$3,798,017	1.7	$4,106,606	1.7	$4,114,518
3762	Mains - Steel (Formally Acct 3761)	2.0	$2,865,602	2.2	$3,080,522	2.3	$3,306,463
3780	Measuring and Regulating Equip. - General	2.6	$66,472	2.8	$70,307	2.8	$72,774
3790	Measuring and Regulating Equip. - City Gates	2.0	$354,924	2.2	$390,416	2.1	$498,723
3801	Services - Plastic (Formally Acct 3802)	3.1	$3,987,034	2.6	$3,279,657	2.9	$3,678,381
3802	Services - Steel (Formally Acct 3801)	2.5	$409,469	3.8	$614,204	4.3	$706,234
3810	Meters	6.9	$1,683,536	5.3	$1,280,855	5.3	$1,280,951
3812	Meters - ERTs (Formally Acct 3811)	9.7	$413,883	5.0	$213,342	5.4	$233,338
3820	Meter Installations	3.6	$229,037	2.3	$144,421	2.3	$144,594
3821	Meter Installations - ERT	10.3	$26,595	2.3	$5,861	2.3	$5,868
3830	House Regulators	2.3	$173,135	2.4	$179,157	2.4	$196,938
3840	House Regulators Installations	3.4	$70,226	2.1	$43,994	2.1	$49,428
3850	Indus. Meas. & Reg. Station Equip	2.3	$86,038	2.5	$93,520	2.3	$85,099
3870	Other Equipment	4.4	$122,496	2.9	$79,622	2.7	$73,945
3900	Structures & Improvements	4.0	$524,601	2.5	$327,875	3.3	$442,686
3910	Office Equipment	6.7	$2,428	7.1	$2,588	7.1	$2,588
3912	Computer Hardware (Combines Accts 39112 and 3915)	20.0	$212,441	10.0	$106,221	10.0	$106,221
3913	Office Furniture (formally account 3910)	6.7	$85,799	5.0	$64,029	5.0	$64,029
3914	Computer Software (formally account 39111)	8.3	$0	10.0	$0	0.0	$0
3921	Transportation - Cars (revised subaccount)	6.0	$19,449	7.5	$24,311	10.8	$35,163
3922	Transportation - Light -Med. Trucks, SUVs & Vans (revised subaccour	6.6	$553,927	6.7	$559,746	5.2	$437,715
3923	Transportation - Heavy Trucks	7.7	$80,145	6.9	$72,034	6.3	$65,343
3924	Transportation - Trailers (formally account 3920)	13.4	$23,382	5.0	$8,725	2.2	$3,161
3930	Stores Equipment	4.0	$1,296	3.9	$1,246	3.8	$1,246
3940	Tools, Shop & Garage Equipment	6.7	$64,681	6.7	$64,360	6.7	$65,224
3941	Natural Gas Vehicle Equipment	3.0	$46,926	5.0	$78,210	4.1	$64,181
3950	Laboratory Equipment	5.0	$0	5.0	$0	0.0	$0
3960	Power Operated Equipment	6.5	$18,093	6.0	$16,701	6.5	$18,148
3970	Communication Equipment	8.3	$99,838	7.7	$92,528	7.7	$92,528
3980	Miscellaneous Equipment	5.0	$25,277	5.9	$29,738	5.9	$29,738
	Total Annual Accruals		**$17,779,160**		**$16,728,051**		**$17,558,781**
	2-Year Reserve Surplus Amortization**				($11,176,769)		
	Total Accruals with 2-Year Reserve Surplus Amortization				$5,551,282		

*Order No. PSC-2023-0177-FOF-GU.
**FCG's proposed 2-year amortization of its calculated $22.4 million reserve surplus results in an $11.2 million reduction to its annual depreciation expense for 2025 and 2026.