

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of 2022  
Depreciation Study by St. Joe Natural Gas  
Company, Inc.

DOCKET NO. 20230022-GU  
ORDER NO. PSC-2023-0215-PAA-GU  
ISSUED: July 26, 2023

The following Commissioners participated in the disposition of this matter:

ANDREW GILES FAY, Chairman  
ART GRAHAM  
GARY F. CLARK  
MIKE LA ROSA  
GABRIELLA PASSIDOMO

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING 2022 DEPRECIATION STUDY BY  
ST. JOE NATURAL GAS COMPANY, INC.

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

Background

Rule 25-7.045(4)(a), Florida Administrative Code (F.A.C.), requires natural gas public utilities to file a comprehensive depreciation study with the Florida Public Service Commission (Commission) for review at least once every five years from the submission date of the previous study. St. Joe Natural Gas Company (St. Joe or Company) filed its 2022 Depreciation Study (2022 Study) on January 30, 2023. St. Joe's last depreciation study was filed on December 21, 2017 (2017 Study). St. Joe serves approximately 2,878 customers, and reported 2022 operating revenues of approximately \$2,411,370.<sup>1</sup> We have completed our review of St. Joe's current 2022 Study filed in this docket.

We are vested with jurisdiction over these matters through several provisions of the Florida Statutes (F.S.), including Sections 350.115, 366.05, and 366.06, F.S.

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<sup>1</sup> St Joe's Annual Report of Natural Gas Utilities, Form PSC/ECR 020-G, at December 31, 2022, filed with the Commission on May 30, 2023.

Decision

1. Revising the Currently Prescribed Depreciation Rates for St. Joe Natural Gas

St. Joe's last depreciation filing was made on December 21, 2017. By Order No. PSC-2018-0368-PAA-GU, we approved revised depreciation rates that became effective January 1, 2018.<sup>2</sup>

Rule 25-7.045, F.A.C., requires natural gas companies to file a comprehensive depreciation study at least once every five years from the submission date of the previously filed study or pursuant to Commission order. A review of the Company's plant activity and data indicates the need for revising depreciation rates. Our approved depreciation components and rates are discussed in Section 3 of this Order and shown on Attachments A, B, and C.

2. The Implementation Date for Newly Approved Depreciation Rates

Rule 25-7.045, F.A.C., requires that the data submitted in a depreciation study, including plant and reserve balances or Company estimates, "shall be brought to the effective date of the proposed rates." The supporting data and calculations provided by St. Joe match an implementation date of January 1, 2023.

3. The Appropriate Depreciation Parameters and Resulting Rates

Our decision herein is a result of a comprehensive review of St. Joe's plant depreciation data filed in this docket. The Company provided plant addition and retirement data spanning 2018-2022. St. Joe's natural gas distribution and general plant accounts grew by approximately 21 percent over the 2022 Study's timeframe.

St. Joe proposed retaining all of its currently-approved Average Service Lives (ASL) except for Account 380.2 – Services – Steel. St. Joe stated that regular inspections of these assets found them to be in acceptable condition with many years of service left. The inspection results, along with the average age of the assets in this account, indicate the need for an increase in this account's ASL.

We recalculated the average age for each of St. Joe's Distribution and General plant accounts using the data provided in the 2022 Study. Our calculations resulted in different average ages for two accounts, as detailed in the "Account-Specific Analysis" section below. St. Joe did not propose any Iowa-type survivor curves (Iowa curves) in its filing.<sup>3</sup> We also note that St. Joe did not use any Iowa curves when calculating the average remaining lives (ARL) for each of its accounts.<sup>4</sup> Therefore, we applied St. Joe's currently-approved Iowa curves to our approved

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<sup>2</sup> Order No. PSC-2018-0368-PAA-GU, issued July 25, 2018, in Docket No. 20170265-GU, *In re: Application for approval of new depreciation rates, effective January 1, 2018, by St. Joe Natural Gas Company, Inc.*

<sup>3</sup> "Iowa-type Curves" are a widely-used group of generalized survivor curves that contain the range of survivor characteristics usually experienced by public utilities, as well as companies in other industries.

<sup>4</sup> DN 02166-2023.

ASLs and average ages on an account-by-account basis in order to calculate each account's ARL.

St. Joe did not propose any changes to its currently-approved Net Salvage (NS) values. We reviewed St. Joe's extensive gross salvage and cost of removal (COR) data, and found the need for a decrease (more negative) in the NS values for four accounts, also detailed in the "Account-Specific Analysis" section below. This is mainly due to an increase in the COR over the years. Incidentally, all things being equal, a more negative NS value results in a higher depreciation rate.

Attachments A and C to this order show a comparison of the currently-approved depreciation parameters and rates that become effective January 1, 2023. Displayed on Attachment B to this Order is a comparison of depreciation expenses between currently-approved and our approved rates based on December 31, 2022 investments. We are in agreement with the Company on all proposed depreciation parameters and resulting rates.<sup>5</sup>

#### Reserve Transfers

We reviewed St. Joe's 2022 Study, and calculated the book reserve balance of each plant account. We also calculated the associated theoretical reserve balance of each plant account using the current life and net salvage inputs. The difference between an account's book and theoretical reserve amounts may be described as an imbalance, either positive or negative, or as a surplus or deficiency. When imbalances are present, corrective transfers among accounts should be considered, and if warranted, should be performed.

**Table 1**  
**Accumulated Depreciation Transfers**

Acct. No.	Account Title	Transfer Amount
376.2	Mains - Steel	(91,320)
380.1	Services - Plastic	96,138
387	Other Equipment	(4,818)

Source: Commission Staff's Calculations

As shown in Table 1, we find for a reserve transfer for Account 387 – Other Equipment due to this account being fully recovered. We find it appropriate to transfer \$4,818 to Account 380.1 – Services – Plastic in order to bring Account 387 to the theoretically correct reserve position. We further find for a reserve transfer between Account 376.2 – Mains – Steel and Account 380.1 – Services – Plastic, the two accounts with the largest surplus and deficit, respectively. These approved transfers are discussed in more detail below.

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<sup>5</sup> DN 03473-2023; We note that an incorrect calculation was used in preparing the Commission staff's Report in this case. Commission staff corrected this calculation, and through a telephone conversation on 6/9/2023, St. Joe confirmed its agreement with the changes.

### Account-Specific Analysis

#### Account 375 – Buildings & Structures

As reflected in Exhibit A of the 2022 Study, this account has an average age of 7.3 years. The Company proposes retaining the currently-approved ASL of 40 years and (5) percent NS. Using these parameters with the S3 curve, an ARL of 32.7 years is calculated. This ARL value is then used to produce a remaining life depreciation rate of 2.7 percent for this account.

#### Account 376.1 – Mains – Plastic

This account has an average age of 19.8 years. The Company proposes retaining the currently-approved 40-year ASL and NS of (30) percent. Using these parameters with the S3 curve, an ARL of 20.6 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 3.2 percent for this account.

#### Account 376.2 – Mains – Steel

This account has an average age of 31.0 years. The Company proposes retaining the currently-approved 40-year ASL and NS of (30) percent. Using these parameters with the S3 curve, an ARL of 12.3 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 3.0 percent for this account. Due to the reserve surplus associated with this account, we approve a reserve transfer of (\$91,320).

#### Account 378 – M&R Equipment – Distribution

This account has an average age of 25.4 years for this account. The Company proposes retaining the currently-approved 35-year ASL and NS of (5) percent. Using these parameters with the R3 curve, an ARL of 12.7 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 2.7 percent for this account.

#### Account 379 – M&R Equipment – City Gate

This account has an average age of 30.2 years. The Company proposes retaining the currently-approved 35-year ASL and NS of (5) percent. Using these parameters with the S3 curve, an ARL of 9.0 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 1.9 percent for this account.

#### Account 380.1 – Services – Plastic

This account has an average age of 12.0 years. The Company proposes retaining the currently-approved 42-year ASL and NS of (22) percent. Based on St. Joe's property records, this account has experienced an average NS of (31) percent. Also, the NS average for all Florida-based gas utilities for this account is (39) percent. Based on these facts, we find a NS adjustment is necessary and we are approving a (30) NS for this account.<sup>6</sup> Using these parameters with the S3 curve, an ARL of 30.0 years is calculated. This ARL is then used to produce a remaining life

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<sup>6</sup> Decreasing an account's NS value (less positive or more negative) increases the amount of money that will be collected to fully retire an asset.

depreciation rate of 3.1 percent for this account. Due to the reserve deficit associated with this account, we find for a reserve transfer of \$96,138.

Account 380.2 – Services – Steel

This account has an average age of 51.6 years. The currently-approved ASL is 53 years with a (40) percent NS. In the 2022 Study, St. Joe stated that inspections of the steel services show all lines to be in acceptable condition “with every indication of many years of service remaining.” In response to Commission staff’s data request, the Company stated that an increase in the ASL was needed for this account due to the average age and condition of the assets.<sup>7</sup> We agree with the Company and order extending the ASL for this account to 55 years. Based on St. Joe’s property records, this account has experienced an average NS of (42) percent. In recent years, the Company has realized NS values for this account in the range of approximately (70) to (135) percent. The average NS for all Florida-based gas utilities for this account is (85) percent. Given this, we order a negative net salvage percentage of (50). This reduction in NS does not fully reflect the NS experienced for this account. However, whenever possible, gradual adjustments to the depreciation parameters is preferable over large, abrupt changes. Based on these parameters, with a SQ Iowa curve, the resulting ARL for this account is 3.4 years. This ARL is then used to produce a remaining life rate of 8.0 percent.

Account 381 – Meters

This account has an average age of 14.8 years. The Company proposes retaining the currently-approved 25-year ASL and NS of 0 percent. Based on these parameters with the R4 curve, an ARL of 10.7 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 3.9 percent for this account.

Account 382 – Meter Installations

This account has an average age of 18.0 years. The Company proposes retaining the currently-approved 40-year ASL and NS of (25) percent. Based on St. Joe’s property records, this account has experienced an average NS of (39) percent. The average for all Florida based gas utilities is (19) percent. As a result, we find for an adjustment to the NS is needed. Therefore, we order reducing the NS, or making the NS more negative, from (25) percent to (35) percent, which is more in line with the Company’s average. This adjusted NS also falls between the Florida-based gas utility average and the St. Joe-specific average. Using these parameters with the S2 curve, an ARL of 22.9 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 3.9 percent for this account.

Account 383 – Regulators

This account has an average age of 16.7 years. The Company proposes retaining the currently-approved 30-year ASL and NS of 0 percent. Using these parameters with the R4 curve, an ARL of 13.8 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 3.3 percent for this account.

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<sup>7</sup> DN 02489-2023.

Account 384 – Regulator Installations

This account has an average age of 11.6 years. The Company proposes retaining the currently-approved 40-year ASL and NS of (40) percent. Based on St. Joe's property records, this account has experienced an average NS of (92) percent. The average NS for all Florida-based gas utilities for this account is (18) percent. Given these amounts, we find that a NS adjustment is needed, and propose reducing the NS for this account to (45) percent. This reduction in NS does not fully reflect the NS experienced for this account. However, as stated previously, whenever possible, gradual adjustments to the depreciation parameters is preferable over large, abrupt changes. Using these adjusted parameters with the S3 curve, an ARL of 28.4 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 3.9 percent for this account.

Account 385 – Industrial M&R Equipment

This account has an average age of 11.5 years. The Company proposes retaining the currently-approved 30-year ASL and NS of (5) percent. Using these parameters with the S4 curve, an ARL of 18.5 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 3.7 percent for this account.

Account 387 – Other Equipment

In St. Joe's 2017 Depreciation Study (2017 Study), we approved a 7.1 percent whole-life rate to any new assets booked to this account. No new investments have been booked to this account since the 2017 Study. However, St. Joe continued booking depreciation expense to this account that has resulted in a \$4,818 reserve surplus. As a result, we order a reserve transfer of (\$4,818) to eliminate the reserve surplus. The Company shall cease booking depreciation expense to this account as of January 1, 2023, and until such time as new investments are booked to this account. We order retaining the 7.1 percent whole-life rate for any new investments booked to this account. This rate is based on a 14-year ASL with a 0 percent NS.

Account 390 – Structures & Improvements

Exhibit A of the 2022 Study reflects an average age of 25.8 years for this account. However, our calculation resulted in an average age of 29.75 years. The Company proposes retaining the currently-approved 40-year ASL and NS of 0 percent. Using these adjusted parameters with the R3 curve, an ARL of 16.9 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 1.8 percent for this account.

Account 391.1 – Office Furniture

This account has an average age of 13.7 years. The Company proposes retaining the currently-approved 15-year ASL and NS of 0 percent. Using these parameters with the S2 curve, an ARL of 4.4 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 6.6 percent for this account.

Account 391.2 – Office Devices

This account has an average age of 4.7 years. The Company proposes retaining the currently-approved 8-year ASL and NS of 5 percent. Using these parameters with the S1 curve, an ARL of 4.2 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 12.0 percent for this account.

Account 391.3 – Office Computers

This account has an average age of 10.3 years. The Company proposes retaining the currently-approved 16-year ASL and NS of 0 percent. Using these parameters with the S3 curve, an ARL of 6.3 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 7.6 percent for this account.

Account 392 – Transportation Equipment

This account has an average age of 5.9 years. The Company proposes retaining the currently-approved 7-year ASL and NS of 10 percent. Using these parameters with the S2 curve, an ARL of 2.3 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 16.9 percent for this account.

Account 394 – Tools, Shop, & Garage

This account has an average age of 7.2 years. The Company proposes retaining the currently-approved 20-year ASL and NS of 0 percent. Using these parameters with the S3 curve, an ARL of 12.9 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 4.9 percent for this account.

Account 396 – Power Operated Equipment

In the current Depreciation Study, Exhibit A reflects an average age of 4.5 years for this account. In response to Commission staff's data request, the Company stated that this number is a typographical error.<sup>8</sup> St. Joe confirmed the correct average age for this account is 10.7 years. The Company proposes retaining the currently-approved 15-year ASL and NS of 5 percent. Using these parameters with the S4 curve, an ARL of 4.6 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 6.4 percent for this account.

Account 397 – Communication Equipment

This account has an average age of 4.5 years. The Company proposes retaining the currently-approved 12-year ASL and NS of 0 percent. Using these parameters with the S3 curve, an ARL of 7.5 years is calculated. This ARL is then used to produce a remaining life depreciation rate of 20.3 percent for this account.

Conclusion

Based on our analysis and explanations, we approve the lives, reserve percentages, net salvage percentages, and resulting remaining life depreciation rates for St. Joe that are shown on Attachments A and C to this Order. We further order that St. Joe shall cease booking

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<sup>8</sup> DN 02489-2023.

depreciation expense to Account 387 as of January 1, 2023, until the Company adds new investments to this account, at which time the Company shall use our whole life rate reflected on Attachment A. As shown on Attachment B, the corresponding depreciation expense effect is an increase of \$49,003 annually, or 16.6 percent,<sup>9</sup> based on December 31, 2022 investments.

4. Revising amortization of Investment Tax Credits (ITCs) and Flow Back of Excess Deferred Income Taxes (EDITs)

In Section 3, we approved of revised depreciation rates for the Company, which reflect changes to most accounts' remaining lives to be effective January 1, 2023. Revising a utility's book depreciation lives generally results in a change in its rate of ITC amortization and flow back of EDITs in order to comply with the normalization requirements of the Internal Revenue Code (IRC or Code) set forth in Federal Tax Regulations under the Code sections,<sup>10</sup> Sections 168(f)(2) and (i)(9),<sup>11</sup> former IRC Sections 167(l), and 46(f),<sup>12</sup> and Section 203(e) of the Tax Reform Act of 1986 (the Act).<sup>13</sup>

This Commission, the Internal Revenue Service (IRS), and independent outside auditors look at a company's books and records and the orders and rules of the jurisdictional regulatory authorities to determine if the books and records are maintained in an appropriate manner. The books are also reviewed to determine if they are in compliance with the regulatory guidelines in regard to normalization.

Former IRC Section 46(f)(6) of the Code indicated that the amortization of ITCs should be determined by the period of time actually used in computing depreciation expense for ratemaking purposes and on the regulated books of the utility.<sup>14</sup> While Section 46(f)(6) was repealed, under IRC Section 50(d)(2), the terms of former IRC Section 46(f)(6) remain applicable to public utility property for which a regulated utility previously claimed ITCs. Because we ordered changes to the Company's remaining lives, it is also important to change the amortization of ITCs and EDITs to avoid violations of the provisions of IRC Section 50(d)(2) for ITCs, and IRC Section 168(i)(9), former section 167(l), and section 13001(d) of the Tax Change and Jobs Act for EDITs, and their underlying Treasury Regulations. The consequence of an ITC or EDIT normalization violation is the repayment of unamortized ITC balances to the IRS and inability to utilize accelerated depreciation. Therefore, we order that the current amortization of ITCs and any flowback of EDITs be revised to match the actual recovery periods for the related property. The Company shall file detailed calculations of the revised ITC amortization and

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<sup>9</sup> Percent change in depreciation expense = Our approved depreciation expense change ÷ depreciation expense based on Total System Investments as of 12/31/2022 at current depreciation rates (Shown on Attachment B).

<sup>10</sup> Treas. Reg. §1.168; Treas. Reg. §1.167; Treas. Reg. §1.46.

<sup>11</sup> 26 US Code §§168(f)(2) and (i)(9).

<sup>12</sup> Under IRC Section 50(d)(2), the terms of former 26 US Codes §167(l) and §46(f), which were repealed by the Revenue Reconciliation Act of 1990 (Pub. L. No. 101-508, §11812(a)(1-2)(1990)), remain applicable to public utility property for which a regulated utility previously claimed ITCs, which is the case here. (I.R.S. Priv. Ltr. Rul. 200933023, In.1 (May 7, 2009)).

<sup>13</sup> Tax Reform Act of 1986, Pub. L. No. 99-514 (100 Stat. 2085, 2146)(1986).

<sup>14</sup> Former 26 USC §46(f)(6) (establishing proper determination of ratable portion).

flowback of EDITs at the same time it files its earnings surveillance report covering the period ended December 31, 2023, as specified in Rule 25-7.1352, F.A.C.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the review of St. Joe Natural Gas Company, Inc.'s plant and depreciation-related information indicates a need to revise the Company's currently prescribed depreciation rates. It is further

ORDERED that the implementation date of the new depreciation rates for St. Joe Natural Gas Company approved in this Order shall be January 1, 2023. It is further

ORDERED that the lives, reserve percentages, net salvage percentages, and resulting remaining life depreciation rates for St. Joe Natural Gas Company, that are shown on Attachments A and C are approved. St. Joe Natural Gas Company, Inc. shall cease booking depreciation expense to Account 387 as of January 1, 2023, until the Company adds new investments to this account, at which time the company shall use our whole life rate reflected on Attachment B. As shown on Attachment B, the corresponding depreciation expense effect is an increase of \$49,003 annually, or 16.6 percent, based on December 31, 2022 investments. It is further

ORDERED that the current amortization of ITCs and any flow back of EDITs shall be revised to match the actual recovery periods for the related property. The Company shall file detailed calculations of the revised ITC amortization and flow back of EDITs at the same time it files its earnings surveillance report covering the period ended December 31, 2023, as specified in Rule 25-7.1352, F.A.C. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that if no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 26th day of July, 2023.



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ADAM J. TEITZMAN  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399  
(850) 413-6770  
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

AAW

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 16, 2023.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

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Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

Comparison of Rates and Components								
Acct. No.	Account Title	Current <sup>1</sup>			Commission Approved			
		Average Remaining	Future Net	Remaining Life	Average Remaining	Theoretical Reserve	Future Net	Remaining Life
		(yrs)	Salvage (%)	Rate (%)	(yrs)	(%)	(%)	(%)
<b>Distribution Plant</b>								
375	Buildings & Improvements	10.8	(5)	1.6	32.7	19.09	(5)	2.7
376.1	Mains - Plastic	19.4	(30)	3.2	20.6	63.07	(30)	3.2
376.2	Mains - Steel	15.4	(30)	3.1	12.3	90.18	*	(30) 3.0
378	M&R Equip. - Distribution	15.6	(5)	3.0	12.7	66.83	(5)	2.7
379	M&R Equip - City Gate	11.9	(5)	2.5	9.0	77.99	(5)	1.9
380.1	Services - Plastic	25.0	(22)	2.9	30.0	37.06	*	(30) 3.1
380.2	Services - Steel	6.1	(40)	3.9	3.4	140.82	(50)	8.0
381	Meters	11.5	0	3.8	10.7	57.01	0	3.9
382	Meter Installations	15.3	(25)	3.0	22.9	57.57	(35)	3.9
383	Regulators	12.0	0	3.1	13.8	53.85	0	3.3
384	Regulator Installations	18.4	(40)	3.5	28.4	42.13	(45)	3.9
385	Industrial M&R Equipment	24.0	(5)	3.4	18.5	40.19	(5)	3.7
387	Other Equipment	8.8	0	7.1**	0.0	100.00	*	0 7.1**
<b>General Plant</b>								
390	Structures & Improvements	16.8	0	1.9	14.1	64.75	0	2.2
391.1	Office Furniture	4.4	0	1.7	4.4	70.67	0	6.6
391.2	Office Devices	4.1	5	8.4	4.2	45.19	5	12.0
391.3	Office Computers	7.9	0	6.3	6.3	60.76	0	7.6
392	Transportation Equipment	3.0	10	9.3	2.3	60.93	10	16.9
394	Tools, Shop & Garage Equipment	15.8	0	4.9	12.9	35.74	0	4.9
396	Power Operated Equipment	5.9	5	0.6	4.6	65.82	5	6.4
397	Communication Equipment	3.7	0	6.2	7.5	37.30	0	20.3

<sup>1</sup> Order No. PSC-2018-0368-PAA-GU

\* Denotes a Reserve Transfer

\*\*Denotes Whole Life Rate

Comparison of Expenses						
Account No.	Account Title	Current		Commission Approved		
		Depreciation Rate (%)	Annual Expense (\$)	Depreciation Rate (%)	Annual Expense (\$)	Change In Expense (\$)
<b>Distribution Plant</b>						
375	Buildings & Improvements	1.6	2,628	2.7	4,435	1,807
376.1	Mains - Plastic	3.2	47,093	3.2	47,093	(0)
376.2	Mains - Steel	3.1	95,243	3.0	92,170	(3,073)
378	M&R Equip. - Distribution	3.0	3,103	2.7	2,793	(310)
379	M&R Equip - City Gate	2.5	11,477	1.9	8,722	(2,755)
380.1	Services - Plastic	2.9	30,311	3.1	32,402	2,091
380.2	Services - Steel	3.9	3,675	8.0	7,538	3,863
381	Meters	3.8	26,901	3.9	27,609	708
382	Meter Installations	3.0	3,459	3.9	4,497	1,038
383	Regulators	3.1	7,738	3.3	8,237	499
384	Regulator Installations	3.5	2,551	3.9	2,842	291
385	Industrial M&R Equipment	3.4	1,759	3.7	1,914	155
387	Other Equipment	7.1	956	7.1	0	(956)
	<b>TOTAL DISTRIBUTION PLANT</b>		<b>236,894</b>		<b>240,252</b>	<b>3,358</b>
<b>General Plant</b>						
390	Structures & Improvements	1.9	3,385	2.2	3,920	535
391.1	Office Furniture	1.7	185	6.6	720	535
391.2	Office Devices	8.4	1,904	12.0	2,721	817
391.3	Office Computers	6.3	5,751	7.6	6,937	1,186
392	Transportation Equipment	9.3	43,994	16.9	79,946	35,952
394	Tools, Shop & Garage Equipment	4.9	2,837	4.9	2,837	(0)
396	Power Operated Equipment	0.6	664	6.4	7,086	6,422
397	Communication Equipment	6.2	87	20.3	286	199
	<b>TOTAL GENERAL PLANT</b>		<b>58,808</b>		<b>104,453</b>	<b>45,645</b>

Current and Proposed Depreciation Components						
Account No.	Account Title	Current		Commission Approved		
		Curve Type	Average Service Life	Curve Type	Average Service Life	Age
<b>Distribution Plant</b>						
375	Buildings & Improvements	S3	40	S3	40	7.3
376.1	Mains - Plastic	S3	40	S3	40	19.8
376.2	Mains - Steel	S3	40	S3	40	31.0
378	M&R Equip. - Distribution	R3	35	R3	35	25.4
379	M&R Equip - City Gate	S3	35	S3	35	30.2
380.1	Services - Plastic	S3	42	S3	42	12.0
380.2	Services - Steel	SQ	53	SQ	55	51.6
381	Meters	R4	25	R4	25	14.8
382	Meter Installations	S2	40	S2	40	18.0
383	Regulators	R4	30	R4	30	16.7
384	Regulator Installations	S3	40	S3	40	11.6
385	Industrial M&R Equipment	S4	30	S4	30	11.5
387	Other Equipment		14		14	
<b>General Plant</b>						
390	Structures & Improvements	R3	40	R3	40	25.8
391.1	Office Furniture	S2	15	S2	15	13.7
391.2	Office Devices	S1	8	S1	8	4.7
391.3	Office Computers	S3	16	S3	16	10.3
392	Transportation Equipment	S2	7	S2	7	5.9
394	Tools, Shop & Garage Equipment	S3	20	S3	20	7.2
396	Power Operated Equipment	S4	15	S4	15	10.7
397	Communication Equipment	S3	12	S3	12	4.5