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**CHRIS SPROWLS**  
*Speaker of the House of  
Representatives*

August 24, 2022

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

**Re: Docket No. 20220067-GU**

Dear Mr. Teitzman,

Please find enclosed for filing in the above referenced docket the Direct Testimony and Exhibits of Ralph Smith, CPA. This filing is being made via the Florida Public Service Commission's Web Based Electronic Filing portal.

If you have any questions or concerns; please do not hesitate to contact me. Thank you for your assistance in this matter.

Sincerely,

Richard Gentry  
Public Counsel

/s/ Patricia A. Christensen  
Patricia A. Christensen  
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Attorneys for the Citizens  
of the State of Florida

cc: All Parties of Record

**CERTIFICATE OF SERVICE**  
**DOCKET NO. 20220067-GU**

I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by electronic mail on this 24<sup>th</sup> day of August, 2022, to the following:

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**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

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

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Docket No. 20220067-GU

Filed: August 24, 2022

**DIRECT TESTIMONY**

OF

**RALPH SMITH, CPA**

**ON BEHALF OF THE CITIZENS OF THE STATE OF FLORIDA**

Richard Gentry  
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Associate Public Counsel

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RCS-1, Qualifications Appendix

RCS-2, Revenue Requirement and Adjustment Schedules for Projected 2023 Test Year

1 **DIRECT TESTIMONY**

2 **OF**

3 **RALPH SMITH**

4 On Behalf of the Office of Public Counsel

5 Before the

6 Florida Public Service Commission

7 Docket No. 20220067-GU

8  
9 **I. INTRODUCTION**

10  
11 **Q. WHAT IS YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS?**

12 A. My name is Ralph Smith. I am a Certified Public Accountant licensed in the State of  
13 Michigan and a senior regulatory consultant at the firm Larkin & Associates, PLLC,  
14 Certified Public Accountants, with offices at 15728 Farmington Road, Livonia, Michigan,  
15 48154.

16  
17 **Q. PLEASE DESCRIBE THE FIRM LARKIN & ASSOCIATES, PLLC.**

18 A. Larkin & Associates, PLLC, ("Larkin") is a Certified Public Accounting and Regulatory  
19 Consulting Firm. The firm performs independent regulatory consulting primarily for  
20 public service/utility commission staffs and consumer interest groups (public counsels,  
21 public advocates, consumer counsels, attorneys general, etc.). Larkin has extensive  
22 experience in the utility regulatory field as expert witnesses in over 600 regulatory  
23 proceedings, including numerous electric, water and wastewater, gas and telephone utility  
24 cases.

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE FLORIDA PUBLIC**  
2 **SERVICE COMMISSION?**

3 A. Yes, I have testified before the Florida Public Service Commission (“FPSC” or  
4 “Commission”) previously. I have also testified before several other state regulatory  
5 commissions.

6  
7 **Q. HAVE YOU PREPARED AN EXHIBIT DESCRIBING YOUR QUALIFICATIONS**  
8 **AND EXPERIENCE?**

9 A. Yes. I have attached Exhibit RCS-1, which is a summary of my regulatory experience and  
10 qualifications.

11

12 **Q. ON WHOSE BEHALF ARE YOU APPEARING?**

13 A. Larkin & Associates, PLLC, was retained by the Florida Office of Public Counsel (“OPC”)  
14 to review the rate request of Florida Public Utilities Company (“FPUC” or “Company”).  
15 Accordingly, I am appearing on behalf of the Citizens of the State of Florida (“Citizens”).

16

17 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

18 A. I am presenting OPC's overall recommended revenue requirement in this case. I also  
19 sponsor some of the OPC's recommended adjustments to the Company's proposed rate  
20 base and operating income.

21

22 **Q. WHAT EXHIBITS HAVE YOU ATTACHED TO YOUR TESTIMONY?**

23 A. I have attached the following exhibits:

24 RCS-1, Qualifications Appendix; and

1                   RCS-2, Revenue Requirement and Adjustment Schedules for projected 2023 Test  
2                   Year.

3                   **Q.    ARE ANY ADDITIONAL WITNESSES APPEARING ON BEHALF OF THE**  
4                   **FLORIDA OFFICE OF PUBLIC COUNSEL IN THIS CASE?**

5                   A.    Yes. David Garrett addresses FPUC’s recommended capital structure and return on equity  
6                   (“ROE”) as well as the Company’s proposed depreciation rates.

7

8                   **II.   FPUC REQUESTED REVENUE INCREASE**

9                   **Q.    WHAT IS THE COMPANY REQUESTING IN THIS PROCEEDING?**

10                  A.    The Company is requesting an increase to its base rates of \$43.82 million, which is based  
11                  on a projected test year ending December 31, 2023. Of this amount, \$19.76 million is  
12                  related to the Company’s proposal to move its investments in its Gas Reliability  
13                  Infrastructure Program (“GRIP”) into rate base and resetting the GRIP surcharge to zero  
14                  pursuant to Order No. PSC-2012-0490-TRF-GU, issued September 24, 2012, in Docket  
15                  No. 20120036-GU. The remaining \$24.06 million being requested by FPUC is, according  
16                  to the Company, necessary to allow FPUC to earn a fair return on its investment. FPUC’s  
17                  request, net of the GRIP investment, reflects an overall increase of approximately 29%.

18                  The Company is proposing an ROE of 11.25% which generates an overall rate of  
19                  return of 6.43%. OPC’s recommended ROE and rate of return is addressed by OPC witness  
20                  David Garrett.

21

22                  **III.   ORGANIZATION OF TESTIMONY**

23                  **Q.    HOW ARE THE DISCUSSIONS THAT ARE BEING ADDRESSED IN YOUR**  
24                  **TESTIMONY ORGANIZED?**

1 A. As noted above, in Section II, I have briefly summarized FPUC’s requested revenue  
2 increase.

3 The remainder of my testimony is organized as follows:

4 In Section IV, I present the overall financial summary schedules for the base rate  
5 change to be effective January 1, 2023, showing the revenue requirement excess for the  
6 projected 2023 test year that I am recommending. Exhibit RCS-2 presents the schedules  
7 and calculations in support of the projected 2023 base rate revenue requirement.

8 In Section V, I then discuss my proposed adjustments which impact the January  
9 2023 Base Rates, including how the new depreciation rates (and resulting expense and  
10 capital structure impacts) recommended by Witness Garrett have been reflected.

11

12 **IV. OVERALL FINANCIAL SUMMARY SCHEDULES – JANUARY 2023**  
13 **BASE RATE CHANGE**

14 **Q. WHAT IS THE JANUARY 2023 BASE RATE REVENUE REQUIREMENT**  
15 **DEFICIENCY OR EXCESS FOR FPUC?**

16 A. As shown on Exhibit RCS-2, Schedule A, the OPC’s recommended adjustments in this  
17 case result in a recommendation that FPUC not be authorized a revenue increase in January  
18 2023 of any more than approximately \$7.75 million exclusive of the GRIP revenue  
19 requirement transfer into base rates. This is \$16.31 million less than the base rate revenue  
20 increase of \$24.06 million (exclusive of the GRIP investments) requested by FPUC in its  
21 Petition.

22

23 **Q. PLEASE DISCUSS THE EXHIBIT YOU PREPARED IN SUPPORT OF YOUR**  
24 **TESTIMONY AS IT PERTAINS TO THE JANUARY 2023 BASE RATE CHANGE.**



1 A. Exhibit RCS-2 consists of Summary Schedules A, A-1, B, B.1, C, C.1 and D and  
2 Adjustment Schedules B-1 through B-6 and C-1 through C-12.

3

4 **Q. WHAT IS SHOWN ON SCHEDULE A, PAGE 1, OF EXHIBIT RCS-2?**

5 A. Schedule A, page 1, presents the maximum revenue requirement calculation for the January  
6 2023 Base Rate change, giving effect to all of the adjustments I am recommending in this  
7 testimony, along with the impacts of the recommendations made by OPC Witness Garrett.

8

9 **Q. WHAT IS SHOWN ON SCHEDULE A, PAGE 2, OF EXHIBIT RCS-2?**

10 A. Schedule A, page 2, presents a reconciliation of the revenue requirement showing the  
11 estimated impacts of OPC recommendations.

12

13 **Q. WHAT IS SHOWN ON SCHEDULE A-1?**

14 A. Schedule A-1 shows the gross revenue conversion factor (“GRCF”), which is used to  
15 convert net operating income into equivalent revenue requirement amounts. As shown  
16 there, FPUC’s Petition used a GRCF, which the Company refers to as the Revenue  
17 Expansion Factor, of 1.34941. As shown on Schedule A-1, in column B, I have used  
18 FPUC’s GRCF of 1.34941 in my revenue requirement calculations. My use of FPUC’s  
19 GRCF of 1.34941 is also shown on Exhibit RCS-2, Schedule A, page 1, column B, line 7.

20

21 **Q. WHAT IS SHOWN ON SCHEDULE B?**

22 A. Schedule B presents OPC’s adjusted rate base that incorporates each of the adjustments  
23 impacting rate base that are recommended by OPC Witnesses in this case.

1 **Q. WHAT IS SHOWN ON SCHEDULE B.1?**

2 A. Schedule B.1 presents each of the adjustments impacting rate base that are recommended  
3 by OPC Witnesses in this case.

4

5 **Q. WHAT IS SHOWN ON SCHEDULE C OF EXHIBIT RCS-2?**

6 A. OPC's adjusted net operating income is shown on Schedule C. This incorporates each of  
7 the adjustments impacting net operating income that are recommended by OPC Witnesses  
8 in this case. The OPC's adjusted results for net operating income are shown on Schedule  
9 C in column C.

10

11 **Q. WHAT IS SHOWN ON SCHEDULE C.1 OF EXHIBIT RCS-2?**

12 A. Schedule C.1 summarizes each of the adjustments impacting net operating income that are  
13 recommended by OPC Witnesses in this case.

14

15 **Q. WOULD YOU PLEASE DISCUSS SCHEDULE D?**

16 A. Schedule D presents OPC's recommended capital structure and overall rate of return, based  
17 on the long-term debt-to-equity ratio and ROE recommended by Witness Garrett. The  
18 capital structure ratios for debt and common equity are based on the ratios recommended  
19 by Mr. Garrett. On Schedule D, I have applied the adjustments to the capital structure  
20 necessary to synchronize OPC's recommended capital structure to the adjusted  
21 jurisdictional rate base. On Schedule D, I applied Mr. Garrett's recommended ROE,  
22 resulting in OPC's overall recommended rate of return of 5.20%.

1           **V. RECOMMENDED ADJUSTMENTS TO RATE BASE AND NET**  
2           **OPERATING INCOME**

3   **Q.    WOULD YOU PLEASE DISCUSS EACH OF THE ADJUSTMENTS THAT YOU,**  
4           **AND OPC WITNESS GARRETT, ARE RECOMMENDING THAT AFFECT THE**  
5           **RATE BASE AND NET OPERATING INCOME IN FPUC’S FILING?**

6    A.    Yes, I will address each adjustment below.

7           **A. RATE BASE ADJUSTMENTS**

8   **Q.    ON WHAT SCHEDULES IN EXHIBIT RCS-2 DO YOU SHOW RATE BASE**  
9           **ADJUSTMENTS?**

10   A.    Exhibit RCS-2 shows rate base adjustments for the 2023 projected test year on Schedules  
11           B-1 through B-6.

12           Miscellaneous Intangible Plant

13   **Q.    PLEASE EXPLAIN YOUR ADJUSTMENT TO MISCELLANEOUS INTANGIBLE**  
14           **PLANT.**

15   A.    In its response to OPC Interrogatory No. 119, the Company stated that its miscellaneous  
16           plant balance was reflected on FPUC’s books prior to its acquisition by Chesapeake  
17           Utilities Corporation (“CUC”) in October 2009. In addition, the Company stated that a  
18           review of its plant records from 2009 and 1998 revealed that its miscellaneous plant  
19           balances related to rights granted for the Wayside and Deland South natural gas stations  
20           were reclassified from plant account 379 to 303 and that these assets were last amortized  
21           for four months in 2011. FPUC stated that it should have continued recording amortization  
22           entries until these assets were fully amortized and that it will make a true-up amortization  
23           entry to correct this error. The Company stated that its projected average rate base will be  
24           \$85,839 lower as a result of making this correction.

1 As shown on Exhibit RCS-2, Schedule B-1, I have reduced FPUC's plant in service  
2 by the \$85,839 identified above by FPUC.

3 Directors and Officers Liability Insurance Expense in Working Capital

4 **Q. PLEASE EXPLAIN THE ADJUSTMENT FOR DIRECTORS AND OFFICERS**  
5 **LIABILITY EXPENSE INCLUDED IN WORKING CAPITAL.**

6 A. For the reasons discussed in a later section of my testimony as it relates to the operating  
7 income adjustment shown on Exhibit RCS-2, Schedule C-7, this adjustment reduces  
8 Directors and Officers Liability ("D&O") liability insurance expense included in working  
9 capital to reflect an allocation to shareholders for half of the cost of the prepaid D&O  
10 insurance. D&O liability insurance protects shareholders from the decisions they made  
11 when they hired the Company's Board of Directors and the Board of Directors in turn hired  
12 the executive officers of the Company. There is no question that D&O liability insurance,  
13 which FPUC has elected to purchase, is primarily for the benefit of shareholders. Since  
14 shareholders are the primary beneficiary, they should be responsible for at least some of  
15 the costs associated with acquiring this coverage. Thus, as it applies to rate base and as  
16 shown on Exhibit RCS-2, Schedule B-2, my recommendation is to remove one half of  
17 D&O insurance expense from working capital which reduces projected 2023 test year rate  
18 base by \$18,049.

19 Accumulated Depreciation - New Depreciation Rates

20 **Q. PLEASE EXPLAIN THE ADJUSTMENT TO ACCUMULATED DEPRECIATION**  
21 **EXPENSE FOR NEW DEPRECIATION RATES.**

22 A. As shown on Exhibit RCS-2, Schedule B-3, average rate base for the 2023 projected test  
23 year is increased by \$928,851 for the impact of the new depreciation rates being

1 recommended by Witness Garrett. His recommendation for new depreciation rates results  
2 in lower 2023 depreciation expense than FPUC's proposal. Thus, a lower amount of  
3 average 2023 accumulated depreciation results from his depreciation rate recommendation.  
4 The 2023 rate base impact was calculated by calculating a 13-month average of Mr.  
5 Garrett's depreciation expense impact. The impact of Mr. Garrett's recommendation on  
6 2023 depreciation expense is discussed further in conjunction with the related adjustment  
7 to operating expense.

8 Unamortized Rate Case Expense

9 **Q. PLEASE EXPLAIN THE COMPANY'S ADJUSTMENT TO RATE CASE**  
10 **EXPENSE.**

11 A. As discussed in the direct testimony of Company witness Cassel, FPUC has estimated rate  
12 case expenses totaling \$3,427,574 million, which it proposes to amortize over a five-year  
13 period. As shown on MFR Schedule C-13, using the five-year amortization period, FPUC  
14 proposes to include \$685,515 for the projected 2023 test year rate case expense  
15 amortization.

16

17 **Q. HAS THE COMPANY INCLUDED THE PROJECTED TEST YEAR BALANCE**  
18 **OF UNAMORTIZED RATE CASE EXPENSE IN ITS WORKING CAPITAL**  
19 **REQUEST IN THIS CASE?**

20 A. Yes. As noted above, the working capital component of rate base for the projected 2023  
21 test year includes \$3,427,574 for FPUC's projected unamortized rate case expense  
22 associated with this case. In its response to OPC Interrogatory No. 63(d), FPUC stated that  
23 it included one-half of the \$3,427,574 of estimated rate case expense in the working capital  
24 component of its projected 2023 test year rate base. However, in its response to OPC

1 Interrogatory No. 139(b), the Company stated that the amount of rate case expense included  
2 in the working capital component of rate base in its original filing is \$1,871,956, which  
3 reflects one-half of \$3,743,911 as shown on MFR Schedule G-1, page 5. The response to  
4 OPC Interrogatory No. 139(b) states that the corrected rate base amount should be one-half  
5 of the aforementioned \$3,427,574, or \$1,713,787, resulting in a difference of \$158,169  
6 (1,871,956 - \$1,713,787) between the Company's original filing and its corrected amount.

7

8 **Q. NOTWITHSTANDING THE COMPUTATIONAL ERROR IN FPUC'S**  
9 **WORKING CAPITAL CALCULATION, SHOULD FPUC BE PERMITTED TO**  
10 **INCLUDE IN RATE BASE THE UNAMORTIZED RATE CASE EXPENSE**  
11 **BALANCE?**

12 A. No, it should not. The Commission has disallowed the inclusion of unamortized rate case  
13 expense in working capital within several prior decisions. This long-standing Commission  
14 policy was reaffirmed in Order No. PSC-2010-0131-FOF-EI, issued March 5, 2010,  
15 involving Progress Energy Florida. At pages 71 - 72 of that Order, the Commission stated  
16 the following with regard to unamortized rate case expense:

17 We have a long-standing policy in electric and gas rate cases of excluding  
18 unamortized rate expense from working capital, as demonstrated in a  
19 number of prior cases. The rationale for this position was that ratepayers  
20 and shareholders should share the cost of a rate case: i.e., the cost of the rate  
21 case would be included in the O&M expenses, but the unamortized portion  
22 would be removed from working capital. It espouses the belief that  
23 customers should not be required to pay a return on funds expended to  
24 increase their rates.

25 While this is the approach that has been used in electric and gas cases, water  
26 and wastewater cases have included unamortized rate case expense in  
27 working capital. The difference stems from a statutory requirement that  
28 water and wastewater rates be reduced at the end of the amortization period  
29 (Section 367.0816, F.S.). While unamortized rate case expense is not  
30 allowed to earn a return in working capital for electric and gas companies,  
31 it is offset by the fact that rates are not reduced after the amortization period  
32 ends.

1 We agree with the long-standing policy that the cost of the rate case should  
2 be shared, and therefore find that the unamortized rate case expense amount  
3 of \$2,787,000 shall be removed from working capital. (footnote omitted)  
4

5 In a footnote on page 71 of the Order, the Commission identified the following  
6 cases that confirm and validate its long-standing policy of excluding the unamortized rate  
7 case expense from working capital in electric and gas cases:

8 Order No. 23573, issued October 3, 1990, in Docket No. 891345-EI, In re:  
9 Application of Gulf Power Company for a rate increase; Order No. PSC-  
10 09-0283-FOF-EI, issued April 30, 2009, in Docket No. 080317-EI, In re:  
11 Petition for rate increase by Tampa Electric Company; Order No. PSC-09-  
12 0375-PAA-GU, issued May 27, 2009, in Docket No. PSC-09-0375-PAA-  
13 GU, In re: Petition for rate increase by Florida Public Utilities Company.  
14

15 In addition, in Order No. PSC-2010-0153-FOF-EI, which was issued March 17,  
16 2020, pursuant to FPL's rate case in Docket No. 20080677-EI, at page 164, the  
17 Commission stated in part:

18 We do not agree with the Company that the unamortized balance of rate  
19 case expense should be included in rate base. Historically, the unamortized  
20 balance of rate case expense has been excluded from rate base to reflect a  
21 sharing of the rate case cost between the ratepayers and the shareholders.  
22 Rate case expenses are recovered from ratepayers through the amortization  
23 process as a cost of doing business in a regulated environment. However,  
24 the unamortized balance of rate case expense has been excluded from rate  
25 base to reflect that an increase in rates is a benefit to the shareholders.  
26 (footnote omitted)  
27

28 This policy was also affirmed in Commission Order No. PSC-2012-0179-FOF-EI,  
29 issued April 3, 2012, in Docket No. 20110138-EI, involving Gulf Power Company, where  
30 the Commission stated at pages 30 and 31:

31 [W]e have a long-standing practice in electric and gas rate cases of  
32 excluding unamortized rate case expense from working capital, as  
33 demonstrated in a number of prior cases. The rationale for this position is  
34 that ratepayers and shareholders should share the cost of a rate case; i.e., the  
35 cost of the rate case would be included in O&M expense, but the

1 unamortized portion would be removed from working capital. This practice  
2 underscores the belief that customers should not be required to pay a return  
3 on funds spent to increase their rates.

4 \* \* \*

5 For the foregoing reasons, we find that the unamortized rate case expense  
6 of \$2,450,000 shall be removed from working capital consistent with our  
7 long-standing practice. (footnote omitted)

8  
9 In a footnote on page 30 of the Gulf Power Order, the Commission identified the  
10 same cases referenced in the footnote of the Progress Energy Florida Order discussed  
11 above.

12  
13 **Q. DO YOU RECOMMEND THAT THE UNAMORTIZED RATE CASE EXPENSE**  
14 **BE EXCLUDED FROM RATE BASE IN THIS CASE?**

15 A. Yes. In its direct case the Company failed to provide any justification for overturning a  
16 long-standing Commission policy and, thus, has not met its burden of proof. I recommend  
17 that the Commission follow its long-standing policy of not allowing inclusion of the  
18 unamortized rate case expense in rate base. Consistent with the Commission's findings in  
19 the Progress Energy Florida base rate case, the Gulf Power Company base rate case, and  
20 FPL's 2010 base rate case, it would be unfair for customers to pay a return on the costs  
21 incurred by the Company in this case when these are being used to increase customer rates.  
22 I have reflected a two-part adjustment, including (1) the \$158,169 error correction  
23 discussed above, and (2) removing the Company's updated remaining amount for the  
24 unamortized balance of rate case expense from working capital (i.e., \$1,713,787), thus  
25 reducing rate base by \$1,871,956, as shown on Exhibit RCS-2, Schedule B-4.

26 Accumulated Depreciation – Area Expansion Program

27 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT SHOWN ON SCHEDULE B-5.**



1 A. In its response to Staff Interrogatory No. 7(b), the Company stated that its projected 2023  
2 test year includes plant investment and a reserve adjustment of \$4.081 million and \$0,  
3 respectively, which relate to modifications made to FPUC's Area Expansion Program  
4 ("AEP"). The response to Staff Interrogatory No. 7(b) states that the reserve adjustment  
5 was understated and should have included a projected adjustment in the credit amount of  
6 \$85,698.

7 As shown on Exhibit RCS-2, Schedule B-5, I have increased FPUC's accumulated  
8 depreciation (thus decreasing rate base) by that same \$85,698 amount to reflect this  
9 correction.

10 FPUC Merger Acquisition Adjustment

11 **Q. HAS FPUC INCLUDED AN ACQUISITION ADJUSTMENT RELATED TO THE**  
12 **MERGER OF FPUC WITH CHESAPEAKE UTILITIES CORPORATION IN ITS**  
13 **RATE BASE REQUEST?**

14 A. Yes. As discussed in the Company's Petition, in Order No. PSC-2012-0010-PAA-GU,  
15 issued dated January 3, 2012, in Docket No. 20110133-GU, the Commission allowed CUC  
16 to record a \$34,192,493 purchase price premium related to the acquisition of FPUC as a  
17 positive acquisition adjustment to be amortized over a 30-year period beginning in  
18 November 2009. As shown on MFR Schedule B-6 Consolidated (and also reflected on  
19 MFR Schedule G-1 Consolidated), FPUC included the \$34,192,493 acquisition adjustment  
20 (net of accumulated amortization) in its projected 2023 test year average rate base.

21 As stated in FPUC's Petition, this acquisition adjustment is discussed in the direct  
22 testimonies of Company witnesses Cassel, Napier and Deason.

1 **Q. DID COMMISSION ORDER NO. PSC-2012-0010-PAA-GU AUTHORIZE RATE**  
2 **RECOVERY FOR THE FPUC MERGER ACQUISITION ADJUSTMENT?**

3 A. No. On page 17 of Order No. PSC-2012-0010-PAA-GU, the Commission ordered that:  
4 ...the level of the cost savings supporting Chesapeake Utilities  
5 Corporation's request shall be subject to review in Florida Public Utilities  
6 Company's next rate proceeding. In FPUC's next rate proceeding, if it is  
7 determined that the cost savings no longer exist, the acquisition adjustment  
8 may be partially or totally removed as deemed appropriate by us.

9  
10 **Q. WHAT IS FPUC REQUESTING WITH REGARD TO THE FPUC MERGER**  
11 **ACQUISITION ADJUSTMENT?**

12 A. As stated on page 26 of the Direct Testimony of Company witness Napier, FPUC is  
13 requesting that the Commission approve the following with regard to this acquisition  
14 adjustment:

- 15 • Allow the Company to retain and recover the unamortized acquisition adjustment;
- 16 • Continue amortization of the acquisition adjustment over the approved period of  
17 time remaining; and
- 18 • Remove the requirement to re-evaluate cost savings in order to keep the acquisition  
19 adjustments.

20 **Q. WHAT ARE SOME OF THE FUNDAMENTAL CONCERNS THAT SHOULD BE**  
21 **CONSIDERED BY THE COMMISSION IN ADDRESSING THE RATEMAKING**  
22 **TREATMENT FOR THIS LARGE POSITIVE ACQUISITION ADJUSTMENT?**

23 A. While CUC's acquisition of the FPUC system may have been between a willing buyer and  
24 willing seller, there is more to consider on whether the purchase price was established  
25 through an arm's-length negotiation. In these situations involving the sale of a regulated  
26 public utility, the buyer and seller can both have a common interest in having a high price  
27 for the system. The seller is seeking the highest price. The investor-owned acquirer

1 purchases a utility system into which it can invest and increase profits by making  
2 investments into the utility's rate base. However, unlike a non-regulated business  
3 acquisition, for a rate regulated public utility, the acquiring entity can also request to  
4 include the acquisition cost in rate base, and, if the acquisition premium is included in rate  
5 base, the buyer can earn even more profits. Because both the seller and buyer have  
6 incentives to drive up the purchase price for the utility system, this type of purchase is  
7 different than other types of arm's length transactions, which would normally involve a  
8 seller trying to get a high price and an independent buyer trying to get a low price. Here,  
9 where the acquisition of a rate regulated gas distribution utility is involved, both the seller  
10 and the buyer have incentives related to having a high price that exceeds the net book value  
11 of the utility. This incentive also involves the creation of an acquisition premium that the  
12 buyer could request be included in rate base, in addition to the post acquisition investments  
13 that the buyer makes to utility plant. Without a demonstration that continued, ongoing  
14 costs savings above the annualized acquisition amount are being realized, the potential  
15 harm to customers from unnecessarily higher rates due to evaporated merger savings is too  
16 great. The Company has failed to meet its burden of proof to demonstrate that the cost  
17 savings developed as it predicted, or that the cost savings persist now, and will do so in the  
18 future when new rates will be in effect.

19  
20 **Q. YOU NOTED ABOVE THAT THE COMMISSION'S ORDER NO. PSC-2012-010-**  
21 **PAA-GU STATED THAT FPUC'S LEVEL OF COST SAVINGS RELATED TO**  
22 **THE FPUC MERGER ACQUISITION ADJUSTMENT IS SUBJECT TO REVIEW**  
23 **IN FPUC'S NEXT RATE PROCEEDING. IS FPUC ASSERTING THAT COST**  
24 **SAVINGS RELATED TO THE ACQUISITION STILL EXISTS?**

1 A. Yes. On page 27 of her Direct Testimony, Company witness Napier states that the  
2 Companies have maintained a level of cost savings that is consistent with what was  
3 approved in the Commission's Order.

4  
5 **Q. IS THE COMPANY RELYING ON ANY OTHER CRITERIA TO SUPPORT ITS**  
6 **REQUEST TO INCLUDE THE FPUC MERGER ACQUISITION ADJUSTMENT**  
7 **IN ITS PROJECTED 2023 TEST YEAR RATE BASE?**

8 A. Yes. As discussed in the direct testimonies of Company witnesses Cassel and Deason, the  
9 Company is relying on five factors that the Commission discussed in Order No. PSC-2012-  
10 0010-PAA-GU when it approved the FPUC merger acquisition adjustment. These five  
11 factors are as follows: (1) increased quality of service; (2) lower operating costs; (3)  
12 increased ability to attract capital for improvements; (4) lower overall cost of capital; and  
13 (5) more professional and experienced managerial, financial, technical and operational  
14 resources.<sup>1</sup>

15  
16 **Q. DO YOU AGREE WITH FPUC'S REQUEST TO INCLUDE THE**  
17 **UNAMORTIZED ACQUISITION ADJUSTMENT RELATED TO THE FPUC**  
18 **MERGER IN ITS PROJECTED 2023 TEST YEAR RATE BASE?**

19 A. No, I do not agree with FPUC's request to include the unamortized acquisition adjustment  
20 related to the FPUC merger in its projected 2023 test year rate base. FPUC has failed to  
21 carry its burden of demonstrating that the recognition of the adjustment should be

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<sup>1</sup> See Order No. 23376, issued August 21, 1990, in Docket No. 891309-WS, In re: Investigation of Acquisition Adjustment Policy; Order No. 23858, issued December 11, 1990, in Docket No. 891353-GU, In re: Application of Peoples Gas Systems, Inc. for a rate increase; and Order No. PSC-04-1110-PAA-GU, issued November 8, 2004, in Docket 040216-GU, In re: Application for rate increase by Florida Public Utilities Company.

1 continued. I recommend that the Company's proposal to charge ratepayers for that  
2 acquisition adjustment should be rejected.

3

4 **Q. PLEASE EXPLAIN WHY THE COMPANY'S REQUEST FOR RATE INCLUSION**  
5 **OF THE FPUC MERGER ACQUISITION ADJUSTMENT SHOULD BE**  
6 **REJECTED.**

7 A. The application of the five factors noted above to the CUC acquisition of FPUC's gas  
8 distribution utility demonstrates that the five standards that the Commission has identified  
9 for review of utility-proposed acquisition adjustments have not been fully satisfied. The  
10 utility bears the burden of proof in satisfying all five criteria. Merely suggesting that these  
11 criteria are met is not sufficient proof. The Company has failed to demonstrate that the  
12 acquisition by CUC of the FPUC gas distribution utility fully meets all five criteria.  
13 Consequently, the unamortized portion of the acquisition adjustment should be excluded  
14 from rate base.

15

16 **Q. HAS THE COMPANY DEMONSTRATED THAT THE SYSTEM**  
17 **IMPROVEMENTS TO INCREASE THE QUALITY OF SERVICE ARE**  
18 **ATTRIBUTABLE TO THE ACQUISITION BY CUC?**

19 A. No. As would be expected, normal improvements have been made, subsequent to the  
20 merger, that involve investments in utility plant that are included in rate base and allowed  
21 to earn a return for the Company. There is nothing special or extraordinary about this.  
22 FPUC has not carried its burden to demonstrate that these investments have been made as  
23 a consequence of the merger, as opposed to other business reasons. For example, due to  
24 the required GRIP program implemented to meet federal safety requirements, significant  
25 infrastructure has been replaced and recorded as plant in service.

1 **Q. HAS THE COMPANY DEMONSTRATED THAT THE PORTION OF ITS**  
 2 **REQUESTED RATE INCREASE THAT IS RELATED TO THE RECOVERY OF**  
 3 **THE ACQUISITION PREMIUM WILL NOT HARM CUSTOMERS?**

4 A. No. Given the overall post-merger costs and rate impacts that the Company is requesting  
 5 to recover from customers, the Company has not carried its burden to demonstrate that its  
 6 requested rate increase will not cost customers more, particularly if the acquisition  
 7 adjustment is allowed to be included in utility rate base in this rate case. The large rate  
 8 increases being sought in the current rate case are indicators that customers would be  
 9 adversely impacted if the acquisition adjustment is allowed to be included in rate base.

10  
 11 **Q. WAS THE COMPANY REQUIRED TO DEMONSTRATE LOWER**  
 12 **OPERATIONAL COST SAVINGS IN ITS ORIGINAL REQUEST TO OBTAIN**  
 13 **APPROVAL OF THE ACCOUNTING TREATMENT AND AMORTIZATION**  
 14 **OF THE POSITIVE ACQUISITION ADJUSTMENT?**

15 A. Yes, in receiving approval in 2012 for CUC’s acquisition of FPUC, the Company had to  
 16 prove the operational cost savings. In Order No. PSC-2012-0010-PAA-GU, issued January  
 17 3, 2012, in Docket No. 20110133-GU at page 6, the Company asserted that there would be  
 18 lower operational costs for the following:

19 Total Net Operating Cost Savings

Cost Savings – Capacity		\$941,266
Cost Savings – Cost of Capital		330,124
Cost Savings – Personnel Related		5,425,590
Cost Savings – Corporate		1,116,870
Cost Increases – Personnel Related		(982,707)
Cost Increases – Corporate & Benefits		(575,956)
<b>TOTAL Net Operating Cost Savings</b>		<b><u>\$6,255,187</u></b>

1 **Q. HAS THE COMPANY PROVIDED SIMILAR PROOF OF ONGOING LOWER**  
2 **OPERATIONAL COST SAVINGS CONTINUING IN THIS CASE THROUGH**  
3 **THE PROJECTED 2023 TEST YEAR?**

4 A. No. It is not clear whether any substantial operational economies have been achieved  
5 through the acquisition that can be attributed to CUC's ownership of the FPUC gas  
6 distribution utility. The Company has added employees since the acquisition and has  
7 updated some systems but has not convincingly met its burden to demonstrate that  
8 significant operational economies have been achieved and maintained through the  
9 acquisition and under CUC's ownership. Moreover, there does not appear to be an overall  
10 financial and service benefit to customers from the utility's operations under CUC's  
11 ownership. Although the acquisition resulted in more customers to share utility expenses,  
12 it appears that the cost to provide service has increased significantly, as evidenced by the  
13 large rate increase being sought in the current rate case. Ratepayers should not be required  
14 to pay higher rates attributable to an acquisition premium paid to acquire other systems.

15  
16 **Q. WHAT IS YOUR RECOMMENDATION REGARDING THE RATE BASE**  
17 **TREATMENT FOR THE POSITIVE FPUC MERGER ACQUISITION**  
18 **ADJUSTMENT IN THIS CASE?**

19 A. CUC's acquisition of the FPUC gas distribution utility system does not continue to meet  
20 all five standards set forth above; therefore, the Company should not be allowed to recover  
21 its requested premium for the acquisition. Specifically, the Company failed to prove that  
22 lower costs savings, improved quality of service, and financial benefits exists solely from  
23 the acquisition. Without the inclusion of the FPUC merger acquisition adjustment in rate  
24 base, the base rate revenue increase requested by the Company would be reduced by  
25 approximately \$1.307 million (at the OPC's proposed cost of capital). Additionally, if the

1 related acquisition adjustment amortization is rejected for inclusion in 2023 projected test  
2 year operating expenses, the Company's requested revenue requirement should be reduced  
3 by approximately \$1.148 million.

4

5 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATION FOR THE FPUC**  
6 **MERGER ACQUISITION ADJUSTMENT.**

7 A. The acquisition adjustment should not be allowed to be included in rate base, and the  
8 related amortization expense should not be allowed to be included in 2023 test year  
9 operating expenses.

10

11 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT.**

12 A. As shown on Exhibit RCS-2, Schedule B-6, I have removed the FPUC merger acquisition  
13 adjustment of \$34,192,493 from FPUC's projected 2023 test year average rate base. In  
14 addition, I have removed the related accumulated amortization impact on the projected  
15 2023 average test year rate base. As shown on Schedule B-6, I started with the accumulated  
16 amortization balance as of December 31, 2021 (from MFR Schedule B-6 Consolidated,  
17 page 3 of 3) and then carried out the monthly amortization to December 31, 2023. I then  
18 calculated the 13-month average using the period December 31, 2022 through December  
19 31, 2023 to derive the average 2023 test year accumulated amortization amount of  
20 \$15,576,577. I netted that \$15,576,577 against the \$34,192,493 to derive a net adjustment  
21 to decrease the Company's requested average rate base by \$18,615,916.

22

23 **Q. IS THERE A RELATED ADJUSTMENT FOR AMORTIZATION EXPENSE?**

24 A. Yes. As discussed in a later section of my testimony, there is a related amortization expense  
25 adjustment, which is shown on Exhibit RCS-2, Schedule C-13.



1 Indiantown Acquisition Adjustment

2 **Q. HAS THE COMPANY INCLUDED ANOTHER ACQUISITION ADJUSTMENT IN**  
3 **ITS APPLICATION?**

4 A. Yes. As discussed on page 12 of the Company’s Application, in Order No. PSC-2014-  
5 0015-PAA-GU, issued dated January 6, 2014, in Docket No. 20120311-GU, the  
6 Commission allowed FPUC to record a \$745,800 purchase price premium related to the  
7 acquisition of Indiantown Gas Company (“Indiantown”) as a positive acquisition  
8 adjustment to be amortized over a 15-year period beginning on August 1, 2010. However,  
9 I am only addressing the FPUC merger acquisition adjustment.

10  
11 **Q. IS THERE A REASON THAT YOU ARE ONLY ADDRESSING THE FPUC**  
12 **MERGER ACQUISITION ADJUSTMENT?**

13 A. Yes. While some of the concerns regarding the FPUC merger acquisition adjustment are  
14 also applicable to the Indiantown acquisition premium, the Indiantown acquisition  
15 adjustment is substantially smaller for a company the size of FPUC and thus, has a much  
16 smaller impact on the Company’s requested rate increase. In addition, the Company has  
17 been amortizing the Indiantown acquisition adjustment since August 1, 2010, in  
18 accordance with Order No. PSC-2014-0015-PAA-GU. It is expected to be fully amortized  
19 by July 31, 2025. The projected 2023 test year amounts are shown in the table below:

<b>Description</b>	<b>Amount</b>
Acquisition Adjustment Related to Indiantown Gas Company	\$ 745,800
13-Month Average Accumulated Amortization Related to Indiantown Gas Company Acquisition Adjustment	\$ (642,217)
Net Amount of Indiantown Gas Company Acquisition Adjustment in Projected Test Year Average Rate Base	\$ 103,583
Annual Amortization Expense Related to the Indiantown Gas Company Acquisition Adjustment	\$ 49,720

20  
21 In addition, as shown in the above table, the annual amortization expense is only \$49,720,  
22 and the 2023 rate base amount is \$103,583.

1 **B. NET OPERATING INCOME ADJUSTMENTS**

2 **Q. ON WHAT SCHEDULES DO YOU PRESENT NET OPERATING INCOME**  
3 **ADJUSTMENTS?**

4 A. On Exhibit RCS-2, for the 2023 projected test year, adjustments to operating expenses that  
5 affect net operating income are presented on Schedules C-1 through C-12.

6 Depreciation Expense - New Depreciation Rates

7 **Q. PLEASE EXPLAIN THE ADJUSTMENT TO DEPRECIATION EXPENSE FOR**  
8 **NEW DEPRECIATION RATES.**

9 A. The amounts on Exhibit RCS-2, Schedule C-1, page 4 in column A, were supplied to me  
10 by Witness Garrett, who is recommending new depreciation rates that differ from those  
11 proposed by FPUC. FPUC's proposed depreciation rates applied to FPUC's projected 2023  
12 test year Plant produces annual depreciation expense accruals of approximately \$14.56  
13 million, as summarized in column A, line 1 of Schedule C-1, page 1. In comparison, Mr.  
14 Garrett's recommended new depreciation rates produce annual depreciation accruals of  
15 approximately \$12.36 million, as summarized on Schedule C-1, page 1 in column B, line  
16 1. As shown on Schedule C-1, page 1, column C, Mr. Garrett's recommended new  
17 depreciation rates for FPUC results in annual depreciation expense for 2023 that is \$2.205  
18 million less than the annual depreciation accruals computed using FPUC's depreciation  
19 rates. As shown on Exhibit RCS-2, Schedule C-1, page 1, column C and page 5, column  
20 M, depreciation expense is reduced by \$2.205 million to reflect the depreciation rates being  
21 recommended by OPC witness Garrett.

22

23 **Q. IS THERE A CORRESPONDING RATE BASE ADJUSTMENT RELATED TO**  
24 **THE ADJUSTMENT FOR THE NEW DEPRECIATION RATES FOR FPUC?**

1 A. Yes. As shown on Exhibit RCS-2, Schedule B-3 and discussed above in conjunction with  
2 rate base adjustments, there is a related adjustment which decreases accumulated  
3 depreciation (and increases rate base). The impacts on 2023 average rate base were derived  
4 by calculating a 13-month average of the depreciation expense adjustment that is shown  
5 on Schedule C-1, page 5.

6 Amortization Expense Related to FPUC Merger Acquisition Adjustment

7 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT ON SCHEDULE C-2.**

8 A. As discussed previously in my testimony, I am recommending that the FPUC merger  
9 related acquisition adjustment (and related accumulated amortization) be removed from  
10 projected 2023 test year rate base. Pursuant to that adjustment, I am also removing the  
11 related amortization expense from projected 2023 test year cost of service.

12 As shown on Exhibit RCS-2, Schedule C-2, my recommended adjustment reduces  
13 amortization expense by \$1,139,750.

14 Incentive Compensation Expense

15 **Q. DOES THE COMPANY HAVE AN INCENTIVE COMPENSATION PLAN**  
16 **AVAILABLE TO ITS EMPLOYEES?**

17 A. Yes. The Company has an incentive performance plan ("IPP") available to its employees.  
18 FPUC provided a copy of (1) Florida Public Utilities 2019 Incentive Performance Plan –  
19 Florida, and (2) CUC and all Business Units/Verticals Incentive Performance Plan (i.e.,  
20 2021 Incentive Performance Plan) in its response to OPC Interrogatory No. 38. In this  
21 response, the Company stated that the 2021 IPP (i.e., enterprise wide plan) was used for  
22 2021. I used the 2021 IPP plan as the basis for my analysis, as it is the most recent plan.

23

1 **Q. WHAT ARE THE IPP PLAN’S STATED PRIMARY OBJECTIVES?**

2 A. The stated primary objectives of FPUC’s IPP plan are to:

- 3 • Reward each employee’s individual contribution to the overall performance results  
4 consistent with their eligibility.
- 5 • Create alignment and link performance metrics related to CUC’s and Business  
6 Units (“BU”)/Vertical strategy, operational objectives and financial targets to  
7 individual compensation.
- 8 • Create a line of sight for each employee to clearly understand how their  
9 performance contributes to the overall success of the Company.
- 10 • Recognize and reward performance achievement of departmental/team goals and  
11 metrics.

12  
13 **Q. PLEASE BRIEFLY DESCRIBE THE IPP PLAN.**

14 A. As discussed in the 2021 IPP, CUC and all subsidiary business units provide an annual  
15 incentive performance plan for non-officer, eligible employees. Under the IPP, eligible  
16 employees have the opportunity to earn an annual cash bonus/incentive. In addition, the  
17 IPP has the following four performance categories:

- 18 1) The Individual’s Performance Rating (PR) annual score.
- 19 2) Chesapeake Corporate Earnings Per Share (EPS) overall annual results.
- 20 3) Consolidated Return on Equity (ROE).
- 21 4) Identified Non-Financial goals, including (1) Safety for 2021, and (2) add other  
22 non-financial goals each year such as Equity, Diversity and Inclusion; Net  
23 Promoter; Engagement; etc.

1 **Q. HAS FPUC INCLUDED INCENTIVE COMPENSATION EXPENSE IN ITS**  
 2 **PROJECTED 2023 TEST YEAR COST OF SERVICE?**

3 A. Yes. The response to OPC Interrogatory No. 42 indicates that the Company has included  
 4 incentive compensation expense totaling \$2,180,201 in the projected 2023 test year. Of  
 5 this amount, \$1,242,623 is for non-executives and \$937,578 is for executives of the  
 6 Company.

7  
 8 **Q. ARE YOU RECOMMENDING AN ADJUSTMENT TO THE LEVEL OF**  
 9 **INCENTIVE COMPENSATION THAT IS INCLUDED IN FPUC’S PROJECTED**  
 10 **2023 TEST YEAR COST OF SERVICE?**

11 A. Yes. I recommend that 50% of the incentive compensation included in the projected 2023  
 12 test year be charged to shareholders. Specifically, my recommended 50% disallowance  
 13 includes (1) 25% related to CUC’s EPS performance category, and (2) 25% related to the  
 14 Consolidated ROE category. The percentages for these two categories were informed by  
 15 the IPP Payout Opportunity that is shown on page 3 of the IPP Plan document and  
 16 replicated in the table below:

<b>Target Bonus Opportunity %</b>	<b>Individual Performance</b>	<b>Corporate EPS</b>	<b>Consolidated ROE</b>	<b>Non-Financials (i.e., Safety)</b>
20%	25%	30%	25%	20%
15%	30%	<b>25%</b>	<b>25%</b>	20%
12%	30%	20%	30%	20%
10%	40%	10%	30%	20%
7.50% - 8.50%	50%	10%	20%	20%
6%	50%	10%	20%	20%
Source: 2021 Incentive Performance Plan				

17  
 18 As shown in bold in the above table, the 25% Corporate EPS and 25% Consolidated ROE  
 19 performance categories were included under the 15% Target Bonus Opportunity.

1 **Q. PLEASE EXPLAIN THE REASON FOR REMOVING 50% OF INCENTIVE**  
2 **COMPENSATION EXPENSE?**

3 A. In general, incentive compensation programs can provide benefits to both shareholders and  
4 ratepayers. The removal of 50% of the incentive compensation expense, in essence,  
5 provides an equal sharing of such cost, and therefore provides an appropriate balance  
6 between the benefits attained by both shareholders and ratepayers. Both shareholders and  
7 ratepayers stand to benefit from the achievement of performance goals. Shareholders are  
8 the primary beneficiary of achieving goals related to corporate earnings per share and  
9 consolidated return on equity. Moreover, there is no assurance that the award levels  
10 included in the Company's proposed or OPC's recommended incentive compensation  
11 expense (before sharing) will be continued in future years.

12

13 **Q. PLEASE EXPLAIN YOUR RECOMMENDED ADJUSTMENT FOR FPUC'S**  
14 **INCENTIVE COMPENSATION EXPENSE.**

15 A. As shown on Exhibit RCS-2, Schedule C-3, this adjustment decreases projected 2023 test  
16 year expense by \$1,090,101 to reflect the removal of 50% of the incentive compensation.

17

18 **Q. IS THERE A RELATED ADJUSTMENT TO PAYROLL TAX EXPENSE?**

19 A. Yes. As discussed below, my recommended adjustment to incentive compensation  
20 expense results in a related adjustment to payroll tax expense as shown on Exhibit RCS-2,  
21 Schedule C-5.

1 Stock-Based Compensation Expense

2 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT TO STOCK-BASED**  
3 **COMPENSATION EXPENSE.**

4 A. As shown on Exhibit RCS-2, Schedule C-4, I have removed all stock-based compensation  
5 expense. Specifically, this adjustment decreases FPUC's projected 2023 test year cost of  
6 service by \$1.376 million.

7  
8 **Q. WHAT TYPE OF STOCK-BASED COMPENSATION COSTS DID FPUC**  
9 **INCLUDE IN ITS PROJECTED 2023 TEST YEAR COST OF SERVICE?**

10 A. In its response to OPC Interrogatory No. 43(b), FPUC stated that during the projected 2023  
11 test year, the Company will incur common stock share-based compensation expense related  
12 to restricted stock units ("RSU") that were approved under the CUC 2013 Stock and  
13 Incentive Compensation Plan. Specifically, the response to OPC Interrogatory No. 43(b)  
14 states that the RSU's are issued to officers and executives of FPUC's parent company CUC.  
15 In addition, CUC issues stock-based compensation to members of its Board of Directors.

16

17 **Q. DID THE COMPANY PROVIDE A COPY OF THE CUC 2013 STOCK AND**  
18 **INCENTIVE COMPENSATION PLAN DOCUMENTS?**

19 A. Yes. In its response to OPC POD No. 59, the Company provided a copy of the CUC 2013  
20 Stock and Incentive Compensation Plan.

21

22 **Q. WHAT IS THE STATED PURPOSE OF THE CUC 2013 STOCK AND INCENTIVE**  
23 **COMPENSATION PLAN?**

24 A. On page 55 of the CUC 2013 Stock and Incentive Compensation Plan, it states:

1 The purpose of this Plan is to enhance shareholder value by linking the  
2 compensation of officers, directors and employees of the Company to  
3 **increases in the price of Chesapeake Utilities Corporation common**  
4 **stock** and the achievement of other performance objectives, and to  
5 encourage ownership in the Company by key personnel whose long-term  
6 employment is considered essential to the Company's continued progress  
7 and success. The Plan is also intended to assist the Company in the  
8 recruitment of new employees and to motivate, retain and encourage such  
9 employees and directors **to act in the shareholders' interest** and share in  
10 the Company's success.

11 (Emphasis supplied)  
12

13 **Q. PLEASE DISCUSS THE REASONS FOR REMOVING STOCK-BASED**  
14 **COMPENSATION FROM FPUC'S PROJECTED 2023 TEST YEAR COST OF**  
15 **SERVICE.**

- 16 A. Ratepayers should not be required to pay executive or management compensation that is  
17 based on the performance of the Company's (or its parent company's) stock price, or that  
18 has the primary purpose of benefitting the parent company's shareholders and aligning  
19 the interests of participants with those of such shareholders.

20 Charging a shareholder-oriented expense to FPUC's revenue requirement would  
21 not be good regulatory policy.

22 FPUC has failed to provide any studies that demonstrate a quantitative benefit to  
23 FPUC 's ratepayers from the provision of stock-based compensation directly charged to  
24 the Company and/or allocated to FPUC from CUC.

25 Additionally, prior to being required to expense stock options for financial  
26 reporting purposes under Statement of Financial Accounting Standards No. 123 Revised  
27 (SFAS 123R)<sup>2</sup>, the cost of stock-option based compensation was typically treated as a  
28 dilution of shareholders' investments, i.e., it was a cost borne by shareholders. While

---

<sup>2</sup> This is now known as Accounting Standards Codification (ASC) 718.



1 SFAS 123R now requires stock-option based compensation cost to be expensed on a  
2 company's financial statements, this does not alter the rationale for not charging ratepayers,  
3 nor does it provide justification for shifting the cost responsibility for stock-based  
4 compensation from shareholders to utility ratepayers.

5

6 **Q. PLEASE EXPLAIN YOUR RECOMMENDED ADJUSTMENT FOR STOCK-**  
7 **BASED COMPENSATION EXPENSE.**

8 A. As shown on Exhibit RCS-2, Schedule C-4, FPUC's projected 2023 test year cost of  
9 service is reduced by \$1.376 million to remove stock-based compensation. This amount  
10 includes \$169,107 that FPUC stated is to be provided to the Board of Directors of CUC.

11

12 **Q. IS THERE A RELATED ADJUSTMENT TO PAYROLL TAX EXPENSE?**

13 A. Yes. As discussed below, my recommended adjustment to stock-based compensation  
14 expense results in a related adjustment to payroll tax expense as shown on Exhibit RCS-2,  
15 Schedule C-5.

16 Payroll Tax Expense

17 **Q. PLEASE EXPLAIN THE ADJUSTMENT TO PAYROLL TAX EXPENSE.**

18 A. OPC's adjustment to the Company's payroll tax expense is made in conjunction with the  
19 adjustments that are being made to reduce incentive compensation and to remove stock-  
20 based compensation. Based upon those recommended adjustments, as shown on Exhibit  
21 RCS-2, Schedule C-5, payroll tax expense is reduced by \$188,619.

1 Supplemental Executive Retirement Program (“SERP”) Expense

2 **Q. DOES FPUC’S PETITION CHARGE RATEPAYERS TOP EXECUTIVE**  
3 **COMPENSATION IN THE FORM OF EXPENSES FOR A SUPPLEMENTAL**  
4 **EXECUTIVE RETIREMENT PLAN EXPENSE (“SERP”)?**

5 A. Yes. FPUC’s response to OPC Interrogatory No. 46 shows that FPUC has reflected SERP  
6 expense in the projected 2023 test year in the amount of \$1,762 in FERC account 920.

7  
8 **Q. CAN YOU PLEASE PROVIDE A GENERAL DESCRIPTION OF A SERP?**

9 A. The SERP provides supplemental retirement benefits for select highly compensated  
10 executives. Generally, SERPs are implemented for executives to provide retirement  
11 benefits that exceed amounts limited in qualified plans by Internal Revenue Service  
12 (“IRS”) limitations. Companies usually maintain that providing such supplemental  
13 retirement benefits to executives is necessary in order to ensure attraction and retention of  
14 qualified employees. Typically, SERPs provide for retirement benefits in excess of the  
15 limits placed by IRS regulations on pension plan calculations for salaries in excess of  
16 specified amounts. IRS restrictions can also limit the Company 401(k) contributions such  
17 that the Company 401(k) contribution as a percent of salary may be smaller for a highly  
18 paid executive than for other employees.

19

20 **Q. SHOULD THE SERP EXPENSE FOR FPUC EXECUTIVES BE BORNE BY**  
21 **FPUC’S RATEPAYERS?**

22 A. No. The provision of additional compensation to FPUC’s highest paid current and former  
23 executives to remedy a perceived deficiency in retirement benefits relative to the  
24 Company’s other employees is not a reasonable expense that should be recovered in rates.

1 Without the SERP, the Company's and its affiliate's executive officers still enjoy the same  
2 retirement benefits available to any other FPUC employee and the attempt to make these  
3 executives "whole" in the sense of allowing a greater percentage of retirement benefits  
4 does not meet the test of reasonableness. If the Company wishes to provide additional  
5 retirement benefits above the level permitted by IRS regulations applicable to all other  
6 employees, it may do so at the expense of its shareholders. However, it is not reasonable  
7 to place this additional burden on ratepayers. The issue is not whether the utility may  
8 provide compensation to select executives in excess of the retirement limits allowed by the  
9 IRS, but whether ratepayers should be burdened with costs of executive benefits that  
10 exceed the treatment allowed for all other employees. If the Company chooses to do so,  
11 shareholders rather than ratepayers should be responsible for the retirement benefits  
12 afforded only to those executives.

13  
14 **Q. PLEASE EXPLAIN YOUR RECOMMENDED ADJUSTMENT TO REMOVE THE**  
15 **SERP EXPENSE.**

16 A. As shown on Exhibit RCS-2, Schedule C-6, the projected 2023 test year SERP expense  
17 amount identified by FPUC in its response to OPC Interrogatory No. 46 is being removed.  
18 This adjustment reduces FPUC's requested projected 2023 test year expense by \$1,762.

19 Directors and Officers Liability Insurance Expense

20 **Q. PLEASE EXPLAIN THE ADJUSTMENT FOR DIRECTORS AND OFFICERS**  
21 **LIABILITY EXPENSE.**

22 A. This adjustment reduces Directors and Officers Liability ("D&O") liability insurance  
23 expense by the amount shown on Exhibit RCS-2, Schedule C-7, to reflect an allocation to  
24 shareholders for half of the cost of the prepaid D&O liability insurance. As noted earlier,

1 D&O liability insurance protects shareholders from the decisions they made when they  
2 hired the Company's Board of Directors and the Board of Directors in turn hired the  
3 executive officers of the Company. There is no question that D&O liability insurance,  
4 which FPUC has elected to purchase, is primarily for the benefit of shareholders. Since  
5 shareholders are the primary beneficiary, they should be responsible for at least some of  
6 the costs associated with acquiring this coverage. The Company will inevitably argue that  
7 the cost is a necessary expense which protects ratepayers. Nevertheless, the cost of the  
8 premiums associated with acquiring D&O liability insurance, while considered to be a  
9 necessary business expense by many, is in reality a necessary business expense designed  
10 to protect shareholders from decisions made by the executive officers and board members  
11 who are elected by shareholders to represent shareholders. Notwithstanding that  
12 shareholders are the primary beneficiaries, I am recommending that this business expense  
13 be shared equally between shareholders and ratepayers.

14

15 **Q. HAS THIS ISSUE IN PREVIOUS RATE CASES IN FLORIDA?**

16 A. Yes. This issue was addressed in the 2011 Gulf Power Company rate case<sup>3</sup> In that case,  
17 the Commission determined that the cost for D&O liability insurance should be shared  
18 equally between shareholders and ratepayers. In the 2009 Progress Energy Florida ("PEF")  
19 case<sup>4</sup>, the Commission allowed PEF to place one half the cost of D&O liability insurance  
20 in test year expenses noting that other jurisdictions make an adjustment for D&O liability  
21 insurance and that the Commission has disallowed D&O liability insurance in wastewater  
22 cases.

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<sup>3</sup> See, Order No. PSC-2012-0179-FOF-EI, issued April 3, 2012, Docket No. 20110138-EI, In re: Petition for increase by Gulf Power Company, at p. 101.

<sup>4</sup> See, Order No. PSC-2010-0131-FOF-EI, issued March 5, 2010, in Docket No. 20090079-EI, In re: Petition for increase in rates by Progress Energy Florida, Inc. at p. 99.

1 **Q. WHAT IF THE COMMISSION HAD NOT DISALLOWED HALF THE COST IN**  
2 **THE GULF AND PEF DOCKETS, WHAT WOULD YOU THEN RECOMMEND**  
3 **IN THIS CASE?**

4 A. I would still be recommending to the Commission that there be either a complete  
5 disallowance or at the very least an equal sharing, because the cost associated with D&O  
6 liability insurance benefits shareholders first and foremost. Unlike an unregulated entity,  
7 criteria exist for recovery of costs, such as prudence and benefit. The benefit of D&O  
8 liability insurance is the protection shareholders receive from directors' and officers'  
9 imprudent decision making, which would be the subject of lawsuits brought by  
10 shareholders against the officers and directors. The benefit of this insurance clearly inures  
11 primarily to shareholders; some of whom generally are the parties initiating any suit against  
12 the directors and officers. The Commission's decisions on this question in the Gulf Power  
13 and PEF rate case dockets were fair, and those decisions should be followed in this Docket.

14  
15 **Q. PLEASE EXPLAIN YOUR RECOMMENDED ADJUSTMENT.**

16 A. As shown on Exhibit RCS-2, Schedule C-7, my adjustment to remove half of the cost of  
17 the D&O insurance reduces projected 2023 test year cost of service by \$85,528.

18  
19 **Q. IS THERE ALSO AN ADJUSTMENT TO RATE BASE TO REFLECT THE**  
20 **REMOVAL OF HALF OF D&O INSURANCE FROM WORKING CAPITAL.**

21 A. As shown on Exhibit RCS-2, Schedule B-2, there is a related adjustment which removes  
22 one half of the D&O insurance that FPUC included in its projected 2023 test year working  
23 capital.

1           Rent Expense

2   **Q.   PLEASE EXPLAIN YOUR ADJUSTMENT TO RENT EXPENSE.**

3   A.   OPC Interrogatory No. 113, which that FPUC identify each building, facility, or property  
4       it is renting along with the related annual rental cost of each item identified in the projected  
5       2023 test year<sup>5</sup>. In an attachment provided with its response to that interrogatory, the  
6       Company included its Silver Lake facility, which reflected annual rent expense of \$78,249  
7       for the projected 2023 test year. However, Note 3 to that attachment stated: “This space is  
8       no longer leased. This was not known when the MFR schedules were prepared.”

9                 Since the Silver Lake facility is no longer being leased, as shown on Exhibit RCS-  
10                2, Schedule C-8, I have removed the rental expense of \$78,249 from projected 2023 test  
11               year cost of service.

12           Lobbying Costs

13   **Q.   PLEASE EXPLAIN YOUR ADJUSTMENT ON SCHEDULE C-9.**

14   A.   In its response to OPC Interrogatory No. 54, the Company stated that its normal practice is  
15       to record all lobbying expenses to FERC account 426.4 (i.e., below the line), but that  
16       lobbying costs were inadvertently included in its cost of service for the following industry  
17       associations: (1) the American Gas Foundation, (2) Associated Gas Distributors of Florida,  
18       and (3) the American Gas Association. Lobbying cost totaling \$35,366 was mistakenly  
19       included in the projected 2023 test year. In addition, in its response to OPC Interrogatory  
20       No. 138, the Company identified two invoices in the amounts of \$109 and \$6,406 that are  
21       related to lobbying expense that FPUC stated should be removed from the projected 2023  
22       test year.

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<sup>5</sup> OPC Interrogatory No. 113 also requested this information for calendar years 2019 through 2021, 2022 actuals through April and projected calendar year 2022.

1           As shown on Exhibit RCS-2, Schedule C-9, I have removed the lobbying costs that  
2           were inadvertently included in the projected 2023 test year, which reduces cost of service  
3           by \$41,881.

4           Interest Synchronization

5           **Q.    WHAT IS THE PURPOSE OF YOUR 2023 TEST YEAR INTEREST**  
6           **SYNCHRONIZATION ADJUSTMENT ON EXHIBIT RCS-2, SCHEDULE C-10?**

7           A.    The interest synchronization adjustment allows the adjusted rate base and cost of debt to  
8           coincide with the income tax calculation. Since interest expense is deductible for income  
9           tax purposes, any revisions to the rate base or to the weighted cost of debt will impact the  
10          test year income tax expense related to the amount of the regulated utility’s jurisdictional  
11          debt supporting the jurisdictional rate base. OPC’s proposed rate base and weighted cost  
12          of debt differ from the Company’s proposed amounts. Thus, OPC’s recommended interest  
13          deduction for determining the 2023 test year income tax expense, related to this  
14          jurisdictional debt will differ from the interest deduction used by FPUC in its filing.  
15          Consequently, OPC’s recommended debt ratio increase in this case will lead to a greater  
16          interest deduction in the income tax calculation, which, when applied to FPUC’s adjusted  
17          rate base, results in a reduction to income tax expense in the amount of \$134,104 as shown  
18          on Exhibit RCS-2, Schedule C-10.

19          Parent Company Debt Adjustment

20          **Q.    HAS THE COMPANY REDUCED INCOME TAX EXPENSE FOR THE IMPACT**  
21          **OF PARENT COMPANY DEBT?**

22          A.    No. Schedule G-2, page 29 of 31 has a line item (line 5) for a “Parent Debt Adjustment”  
23          but it shows a zero impact on income tax expense.

1 **Q. IS AN ADJUSTMENT FOR THE EFFECT OF PARENT COMPANY DEBT ON**  
2 **INCOME TAXES REQUIRED BY FLORIDA RULES?**

3 A. Yes. Specifically, Rule 25-14.004, F.A.C, “Effect of Parent Debt on Federal Corporate  
4 Income Tax” requires such an adjustment, absent the Company carrying its burden of  
5 rebutting that the jurisdictional equity is supported by debt on the parent’s books.<sup>6</sup> The  
6 intent of Rule 25-14.004, F.A.C., is to require an adjustment to the income tax expense of  
7 a regulated company to reflect the income tax benefit of the parent debt that may have been  
8 invested as equity of the subsidiary.

9  
10 **Q. HAVE YOU CALCULATED THE IMPACT ON FEDERAL INCOME TAX**  
11 **EXPENSE FOR THE EFFECT OF PARENT DEBT ON FEDERAL CORPORATE**  
12 **INCOME TAX THAT IS REQUIRED BY RULE 25-14.004, F.A.C?**

13 A. Yes. On Exhibit RCS-2, Schedule C-11, page 1, I have calculated an adjustment to reduce  
14 federal income tax expense by \$679,973. To compute this adjustment, I multiplied the  
15 adjusted rate base for FPUC Consolidated Gas utility operations by the equity ratio to  
16 identify the amount of rate base that is financed with common equity. I then multiplied  
17 that by the CUC debt ratio of 41.5% which was provided to me by OPC witness David  
18 Garrett based on recent Value Line information. I then multiplied that result by CUC’s  
19 cost of debt of 4.52% which was also provided to me by OPC witness David Garrett based  
20 on Value Line information. I then multiplied that amount of interest deduction by the  
21 federal income tax rate of 21% to determine the Effect of Parent Debt on Federal Corporate  
22 Income Tax that is required by Rule 25-14.004, F.A.C. As shown on Schedule C-11, page

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<sup>6</sup>Subsection (3) of the rule provides: “It shall be a rebuttable presumption that a parent’s investment in any subsidiary or in its own operations shall be considered to have been made in the same ratios as exist in the parent’s overall capital structure.”



1 1, this adjustment reduces federal income tax expense by \$679,973. It should be noted that  
2 this adjustment should be made with information that is provided by the Company,  
3 including any additional “tiered” impacts based on ownership configuration within the  
4 entire affiliated corporate structure.<sup>7</sup>

5

6 **Q. IS THE PARENT DEBT ADJUSTMENT SUBSUMED WITHIN THE INTEREST**  
7 **SYNCHONIZATION ADJUSTMENT?**

8 A. No. Interest synchronization merely matches the interest deductible for calculating income  
9 tax expense to the debt portion of the regulated entity’s capital structure that supports the  
10 reconciled rate base. It has nothing to do with the imputation of interest expense associated  
11 with the debt supporting the parent’s investment in the equity of the regulated Company.

12 Company Sponsored Events

13 **Q. PLEASE EXPLAIN YOUR ADJUSTMENT ON EXHIBIT RCS-2, SCHEDULE C-**  
14 **12.**

15 A. In its response to OPC Interrogatory No. 101, the Company identified costs totaling  
16 \$38,835 included in projected 2023 test year cost of service, which the Company described  
17 as Company events. Specifically, as stated in the referenced response, these costs relate to  
18 Company sponsored events and luncheons for team building and networking. I am  
19 removing these costs as they are not necessary for the provision of safe and reliable gas  
20 service to FPUC’s ratepayers. As shown on Exhibit RCS-2, Schedule C-12, my adjustment  
21 reduces projected 2023 test year cost of service by \$38,835.

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<sup>7</sup> Subsection (2) of the rule provides that: “Where the regulated utility is a subsidiary of tiered parents, the adjusted income tax effect of the debt of all parents invested in the equity of the subsidiary utility shall reduce the income tax expense of the utility.”

1                   **VI. OTHER CONCERNS**

2   **Q. DO YOU HAVE ANY CONCERNS ABOUT WHETHER PROJECTED AND**  
3                   **FORECAST RATEBASE AND NET OPERATING INCOME ARE**  
4                   **REPRESENTATIVE OF THE OPERATIONS OF THE COMPANY DURING THE**  
5                   **TIME WHEN PROPOSED RATES ARE EXPECTED TO BE IN EFFECT?**

6   A. Yes. There are a number of concerns that I have along this line after considering the filing  
7                   and discovery and other information I have reviewed.

8  
9   **Q. PLEASE ELABORATE.**

10   A. The Company was asked in OPC Interrogatory Nos. 143-148 about whether there are  
11                   current and/or planned internal discussions for the Company to merge or be acquired. The  
12                   Company objected to answering those requests, but stated in response to OPC Interrogatory  
13                   No. 143 that:

14                   Notwithstanding and without waiving this objection, the Company states  
15                   that, Chesapeake, frequently assesses “potential” transactions that would  
16                   benefit all stakeholders. The Company is not aware of any such discussions  
17                   that would impact this proceeding.

18  
19                   Were there to be no such discussions ongoing, a simple “no” would have been sufficient  
20                   and the OPC and Commission could rely on it. The qualifier “that would impact this  
21                   proceeding” does not put the matter to rest. In fact, it suggests that FPUC believes that it  
22                   gets to decide whether any possible discussions impact the determination of a projected  
23                   test year revenue requirement. The Commission is entitled to be the judge of that and the  
24                   OPC is entitled to inquire about it to determine if the test year is representative of future  
25                   operations.

26                   I understand the OPC intends to pursue a motion to compel a substantive response  
27                   to this. In the likely event that this discovery dispute is not resolved before the deadline for

1 filing testimony, I reserved the right to file supplemental testimony if material information  
2 bearing on a potential acquisition of the Company is revealed.

3 I have also observed that the Company has increased its employee complement to  
4 a projected 2023 test year amount of 240.02 from a 2021 year-end amount of 221.83.<sup>8</sup> This  
5 type of cost is especially susceptible to modification in merger synergies. I have a serious  
6 concern about whether the payroll related costs are reflective of going forward operations  
7 if there is a sale or merger of the Company under discussion or likely to occur in the time  
8 in which rates are to be in effect.

9

10 **Q. DOES THIS COMPLETE YOUR DIRECT TESTIMONY?**

11 A. Yes, it does.

12

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<sup>8</sup> See the response to OPC Interrogatory No. 30.

**CERTIFICATE OF SERVICE**  
**DOCKET NO. 20220067-GU**

I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by electronic mail on this 24<sup>th</sup> day of August, 2022, to the following:

Florida Public Utilities Company  
Mr. Mike Cassel  
208 Wildlight Ave.  
Yulee FL 32097  
[mcassel@fpuc.com](mailto:mcassel@fpuc.com)

Gunster Law Firm  
Beth Keating  
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**/s/ Patricia A. Christensen**  
Patricia A. Christensen  
Associate Public Counsel  
[Christensen.Patty@leg.state.fl.us](mailto:Christensen.Patty@leg.state.fl.us)

**Exhibit RCS-1**  
**QUALIFICATIONS OF RALPH C. SMITH**

**Accomplishments**

Mr. Smith's professional credentials include being a Certified Financial Planner™ professional, a Certified Rate of Return Analyst, a licensed Certified Public Accountant and attorney. He functions as project manager on consulting projects involving utility regulation, regulatory policy and ratemaking and utility management. His involvement in public utility regulation has included project management and in-depth analyses of numerous issues involving telephone, electric, gas, and water and sewer utilities.

Mr. Smith has performed work in the field of utility regulation on behalf of industry, public service commission staffs, state attorney generals, municipalities, and consumer groups concerning regulatory matters before regulatory agencies in Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, New Jersey, New Mexico, New York, Nevada, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, Washington DC, West Virginia, Canada, Federal Energy Regulatory Commission and various state and federal courts of law. He has presented expert testimony in regulatory hearings on behalf of utility commission staffs and intervenors on several occasions.

Project manager in Larkin & Associates' review, on behalf of the Georgia Commission Staff, of the budget and planning activities of Georgia Power Company; supervised 13 professionals; coordinated over 200 interviews with Company budget center managers and executives; organized and edited voluminous audit report; presented testimony before the Commission. Functional areas covered included fossil plant O&M, headquarters and district operations, internal audit, legal, affiliated transactions, and responsibility reporting. All of our findings and recommendations were accepted by the Commission.

Key team member in the firm's management audit of the Anchorage Water and Wastewater Utility on behalf of the Alaska Commission Staff, which assessed the effectiveness of the Utility's operations in several areas; responsible for in-depth investigation and report writing in areas involving information systems, finance and accounting, affiliated relationships and transactions, and use of outside contractors. Testified before the Alaska Commission concerning certain areas of the audit report. AWWU concurred with each of Mr. Smith's 40 plus recommendations for improvement.

Co-consultant in the analysis of the issues surrounding gas transportation performed for the law firm of Cravath, Swaine & Moore in conjunction with the case of Reynolds Metals Co. vs. the Columbia Gas System, Inc.; drafted in-depth report concerning the regulatory treatment at both state and federal levels of issues such as flexible pricing and mandatory gas transportation.

Lead consultant and expert witness in the analysis of the rate increase request of the City of Austin - Electric Utility on behalf of the residential consumers. Among the numerous ratemaking issues addressed were the economies of the Utility's employment of outside services; provided both written and oral testimony outlining recommendations and their bases. Most of Mr. Smith's recommendations were adopted by the City Council and Utility in a settlement.

Key team member performing an analysis of the rate stabilization plan submitted by the Southern Bell Telephone & Telegraph Company to the Florida PSC; performed comprehensive analysis of the Company's projections and budgets which were used as the basis for establishing rates.

Lead consultant in analyzing Southwestern Bell Telephone separations in Missouri; sponsored the complex technical analysis and calculations upon which the firm's testimony in that case was based. He has also assisted in analyzing changes in depreciation methodology for setting telephone rates.

Lead consultant in the review of gas cost recovery reconciliation applications of Michigan Gas Utilities Company, Michigan Consolidated Gas Company, and Consumers Power Company. Drafted recommendations regarding the appropriate rate of interest to be applied to any over or under collections and the proper procedures and allocation methodology to be used to distribute any refunds to customer classes.

Lead consultant in the review of Consumers Power Company's gas cost recovery refund plan. Addressed appropriate interest rate and compounding procedures and proper allocation methodology.

Project manager in the review of the request by Central Maine Power Company for an increase in rates. The major area addressed was the propriety of the Company's ratemaking attrition adjustment in relation to its corporate budgets and projections.

Project manager in an engagement designed to address the impacts of the Tax Reform Act of 1986 on gas distribution utility operations of the Northern States Power Company. Analyzed the reduction in the corporate tax rate, uncollectibles reserve, ACRS, unbilled revenues, customer advances, CIAC, and timing of TRA-related impacts associated with the Company's tax liability.

Project manager and expert witness in the determination of the impacts of the Tax Reform Act of 1986 on the operations of Connecticut Natural Gas Company on behalf of the Connecticut Department of Public Utility Control - Prosecutorial Division, Connecticut Attorney General, and Connecticut Department of Consumer Counsel.

Lead Consultant for The Minnesota Department of Public Service ("DPS") to review the Minnesota Incentive Plan ("Incentive Plan") proposal presented by Northwestern Bell Telephone Company ("NWB") doing business as U S West Communications ("USWC"). Objective was to express an opinion as to whether current rates addressed by the plan were appropriate from a Minnesota intrastate revenue requirements and accounting perspective, and to assist in developing recommended modifications to NWB's proposed Plan.

Performed a variety of analytical and review tasks related to our work effort on this project. Obtained and reviewed data and performed other procedures as necessary (1) to obtain an understanding of the Company's Incentive Plan filing package as it relates to rate base, operating income, revenue requirements, and plan operation, and (2) to formulate an opinion concerning the reasonableness of current rates and of amounts included within the Company's Incentive Plan filing. These procedures included requesting and reviewing extensive discovery, visiting the Company's offices to review data, issuing follow-up information requests in many instances, telephone and on-site discussions with Company representatives, and frequent discussions with counsel and DPS Staff assigned to the project.

Lead Consultant in the regulatory analysis of Jersey Central Power & Light Company for the Department of the Public Advocate, Division of Rate Counsel. Tasks performed included on-site review and audit of Company, identification and analysis of specific issues, preparation of data requests, testimony, and cross examination questions. Testified in Hearings.

Assisted the NARUC Committee on Management Analysis with drafting the Consultant Standards for Management Audits.

Presented training seminars covering public utility accounting, tax reform, ratemaking, affiliated transaction auditing, rate case management, and regulatory policy in Maine, Georgia, Kentucky, and Pennsylvania. Seminars were presented to commission staffs and consumer interest groups.

### Previous Positions

With Larkin, Chapski and Co., the predecessor firm to Larkin & Associates, was involved primarily in utility regulatory consulting, and also in tax planning and tax research for businesses and individuals, tax return preparation and review, and independent audit, review and preparation of financial statements.

Installed computerized accounting system for a realty management firm.

### Education

Bachelor of Science in Administration in Accounting, with distinction, University of Michigan, Dearborn, 1979.

Master of Science in Taxation, Walsh College, Michigan, 1981. Master's thesis dealt with investment tax credit and property tax on various assets.

Juris Doctor, cum laude, Wayne State University Law School, Detroit, Michigan, 1986. Recipient of American Jurisprudence Award for academic excellence.

Continuing education required to maintain CPA license and CFP® certificate.

Passed all parts of CPA examination in first sitting, 1979. Received CPA certificate in 1981 and Certified Financial Planning certificate in 1983. Admitted to Michigan and Federal bars in 1986.

Michigan Bar Association.

American Bar Association, sections on public utility law and taxation.

Partial list of utility cases participated in:

79-228-EL-FAC	Cincinnati Gas & Electric Company (Ohio PUC)
79-231-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
79-535-EL-AIR	East Ohio Gas Company (Ohio PUC)
80-235-EL-FAC	Ohio Edison Company (Ohio PUC)
80-240-EL-FAC	Cleveland Electric Illuminating Company (Ohio PUC)
U-1933	Tucson Electric Power Company (Arizona Corp. Commission)
U-6794	Michigan Consolidated Gas Co. --16 Refunds (Michigan PSC)
81-0035TP	Southern Bell Telephone Company (Florida PSC)
81-0095TP	General Telephone Company of Florida (Florida PSC)
81-308-EL-EFC	Dayton Power & Light Co.- Fuel Adjustment Clause (Ohio PUC)
810136-EU	Gulf Power Company (Florida PSC)
GR-81-342	Northern States Power Co. -- E-002/Minnesota (Minnesota PUC)
Tr-81-208	Southwestern Bell Telephone Company (Missouri PSC))
U-6949	Detroit Edison Company (Michigan PSC)
8400	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
18328	Alabama Gas Corporation (Alabama PSC)
18416	Alabama Power Company (Alabama PSC)
820100-EU	Florida Power Corporation (Florida PSC)
8624	Kentucky Utilities (Kentucky PSC)
8648	East Kentucky Power Cooperative, Inc. (Kentucky PSC)
U-7236	Detroit Edison - Burlington Northern Refund (Michigan PSC)
U6633-R	Detroit Edison - MRCS Program (Michigan PSC)
U-6797-R	Consumers Power Company -MRCS Program (Michigan PSC)
U-5510-R	Consumers Power Company - Energy conservation Finance Program (Michigan PSC)
82-240E	South Carolina Electric & Gas Company (South Carolina PSC)
7350	Generic Working Capital Hearing (Michigan PSC)
RH-1-83	Westcoast Transmission Co., (National Energy Board of Canada)
820294-TP	Southern Bell Telephone & Telegraph Co. (Florida PSC)
82-165-EL-EFC (Subfile A)	Toledo Edison Company(Ohio PUC)
82-168-EL-EFC	Cleveland Electric Illuminating Company (Ohio PUC)
830012-EU	Tampa Electric Company (Florida PSC)
U-7065	The Detroit Edison Company - Fermi II (Michigan PSC)
8738	Columbia Gas of Kentucky, Inc. (Kentucky PSC)
ER-83-206	Arkansas Power & Light Company (Missouri PSC)
U-4758	The Detroit Edison Company – Refunds (Michigan PSC)
8836	Kentucky American Water Company (Kentucky PSC)
8839	Western Kentucky Gas Company (Kentucky PSC)
83-07-15	Connecticut Light & Power Co. (Connecticut DPU)
81-0485-WS	Palm Coast Utility Corporation (Florida PSC)
U-7650	Consumers Power Co. (Michigan PSC)
83-662	Continental Telephone Company of California, (Nevada PSC)
U-6488-R	Detroit Edison Co., FAC & PIPAC Reconciliation (Michigan PSC)
U-15684	Louisiana Power & Light Company (Louisiana PSC)
7395 & U-7397	Campaign Ballot Proposals (Michigan PSC)
820013-WS	Seacoast Utilities (Florida PSC)
U-7660	Detroit Edison Company (Michigan PSC)
83-1039	CP National Corporation (Nevada PSC)
U-7802	Michigan Gas Utilities Company (Michigan PSC)
83-1226	Sierra Pacific Power Company (Nevada PSC)
830465-EI	Florida Power & Light Company (Florida PSC)
U-7777	Michigan Consolidated Gas Company (Michigan PSC)
U-7779	Consumers Power Company (Michigan PSC)



U-7480-R	Michigan Consolidated Gas Company (Michigan PSC)
U-7488-R	Consumers Power Company – Gas (Michigan PSC)
U-7484-R	Michigan Gas Utilities Company (Michigan PSC)
U-7550-R	Detroit Edison Company (Michigan PSC)
U-7477-R	Indiana & Michigan Electric Company (Michigan PSC)
18978	Continental Telephone Co. of the South Alabama (Alabama PSC)
R-842583	Duquesne Light Company (Pennsylvania PUC)
R-842740	Pennsylvania Power Company (Pennsylvania PUC)
850050-EI	Tampa Electric Company (Florida PSC)
16091	Louisiana Power & Light Company (Louisiana PSC)
19297	Continental Telephone Co. of the South Alabama (Alabama PSC)
76-18788AA &76-18793AA	Detroit Edison - Refund - Appeal of U-4807 (Ingham County, Michigan Circuit Court)
85-53476AA & 85-534785AA	Detroit Edison Refund - Appeal of U-4758 (Ingham County, Michigan Circuit Court)
U-8091/U-8239	Consumers Power Company - Gas Refunds (Michigan PSC)
TR-85-179	United Telephone Company of Missouri (Missouri PSC)
85-212	Central Maine Power Company (Maine PSC)
ER-85646001 & ER-85647001	New England Power Company (FERC)
850782-EI & 850783-EI	Florida Power & Light Company (Florida PSC)
R-860378	Duquesne Light Company (Pennsylvania PUC)
R-850267	Pennsylvania Power Company (Pennsylvania PUC)
851007-WU & 840419-SU	Florida Cities Water Company (Florida PSC)
G-002/GR-86-160	Northern States Power Company (Minnesota PSC)
7195 (Interim)	Gulf States Utilities Company (Texas PUC)
87-01-03	Connecticut Natural Gas Company (Connecticut PUC))
87-01-02	Southern New England Telephone Company (Connecticut Department of Public Utility Control)
3673- 29484	Georgia Power Company (Georgia PSC)
U-8924	Long Island Lighting Co. (New York Dept. of Public Service)
Docket No. 1	Consumers Power Company – Gas (Michigan PSC)
Docket E-2, Sub 527	Austin Electric Utility (City of Austin, Texas)
U-87-47	Carolina Power & Light Company (North Carolina PUC)
870853	Anchorage Water and Wastewater Utility (Alaska PUC)
880069	Pennsylvania Gas and Water Company (Pennsylvania PUC)
U-1954-88-102	Southern Bell Telephone Company (Florida PSC)
T E-1032-88-102	Citizens Utilities Rural Company, Inc. & Citizens Utilities Company, Kingman Telephone Division (Arizona CC)
89-0033	Illinois Bell Telephone Company (Illinois CC)
U-89-2688-T	Puget Sound Power & Light Company (Washington UTC))
R-891364	Philadelphia Electric Company (Pennsylvania PUC)
F.C. 889	Potomac Electric Power Company (District of Columbia PSC)
Case No. 88/546	Niagara Mohawk Power Corporation, et al Plaintiffs, v. Gulf+Western, Inc. et al, defendants (Supreme Court County of Onondaga, State of New York)
87-11628	Duquesne Light Company, et al, plaintiffs, against Gulf+ Western, Inc. et al, defendants (Court of the Common Pleas of Allegheny County, Pennsylvania Civil Division)
890319-EI	Florida Power & Light Company (Florida PSC)
891345-EI	Gulf Power Company (Florida PSC)
ER 8811 0912J	Jersey Central Power & Light Company (BPU)

6531	Hawaiian Electric Company (Hawaii PUCs)
R-901595	Equitable Gas Company (Pennsylvania Consumer Counsel)
90-10	Artesian Water Company (Delaware PSC)
89-12-05	Southern New England Telephone Company (Connecticut PUC)
900329-WS	Southern States Utilities, Inc. (Florida PSC)
90-12-018	Southern California Edison Company (California PUC)
90-E-1185	Long Island Lighting Company (New York DPS)
R-911966	Pennsylvania Gas & Water Company (Pennsylvania PUC)
I.90-07-037, Phase II	(Investigation of OPEBs) Department of the Navy and all Other Federal Executive Agencies (California PUC)
U-1551-90-322	Southwest Gas Corporation (Arizona CC)
U-1656-91-134	Sun City Water Company (Arizona RUCO)
U-2013-91-133	Havasu Water Company (Arizona RUCO)
91-174	Central Maine Power Company (Department of the Navy and all Other Federal Executive Agencies)
U-1551-89-102 & U-1551-89-103	Southwest Gas Corporation - Rebuttal and PGA Audit (Arizona Corporation Commission)
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TC-91-040A and TC-91-040B	Intrastate Access Charge Methodology, Pool and Rates Local Exchange Carriers Association and South Dakota Independent Telephone Coalition
9911030-WS & 911-67-WS	General Development Utilities - Port Malabar and West Coast Divisions (Florida PSC)
U-91-091	Anchorage Telephone Utility (Alaska PUC)
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R00922428	Pennsylvania American Water Company (Pennsylvania PUC)
E-1032-92-083 & U-1656-92-183	Citizens Utilities Company, Agua Fria Water Division (Arizona Corporation Commission)
92-09-19	Southern New England Telephone Company (Connecticut PUC)
E-1032-92-073	Citizens Utilities Company (Electric Division), (Arizona CC)
UE-92-1262	Puget Sound Power and Light Company (Washington UTC))
92-345	Central Maine Power Company (Maine PUC)
R-932667	Pennsylvania Gas & Water Company (Pennsylvania PUC)
U-93-60	Matanuska Telephone Association, Inc. (Alaska PUC)
U-93-50	Anchorage Telephone Utility (Alaska PUC)
U-93-64	PTI Communications (Alaska PUC)
7700	Hawaiian Electric Company, Inc. (Hawaii PUC)
E-1032-93-111 & U-1032-93-193	Citizens Utilities Company - Gas Division (Arizona Corporation Commission)
R-00932670	Pennsylvania American Water Company (Pennsylvania PUC)
U-1514-93-169/ E-1032-93-169	Sale of Assets CC&N from Contel of the West, Inc. to Citizens Utilities Company (Arizona Corporation Commission)
7766	Hawaiian Electric Company, Inc. (Hawaii PUC)
93-2006- GA-AIR	The East Ohio Gas Company (Ohio PUC)
94-E-0334	Consolidated Edison Company (New York DPS)
94-0270	Inter-State Water Company (Illinois Commerce Commission)
94-0097	Citizens Utilities Company, Kauai Electric Division (Hawaii PUC)
PU-314-94-688	Application for Transfer of Local Exchanges (North Dakota PSC)
94-12-005-Phase I	Pacific Gas & Electric Company (California PUC)
R-953297	UGI Utilities, Inc. - Gas Division (Pennsylvania PUC)
95-03-01	Southern New England Telephone Company (Connecticut PUC)
95-0342	Consumer Illinois Water, Kankakee Water District (Illinois CC)

94-996-EL-AIR	Ohio Power Company (Ohio PUC)
95-1000-E	South Carolina Electric & Gas Company (South Carolina PSC)
Non-Docketed	Citizens Utility Company - Arizona Telephone Operations
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E-1032-95-433	Citizens Utility Co. - Arizona Electric Division (Arizona CC)
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GR-96-285	Missouri Gas Energy (Missouri PSC)
94-10-45	Southern New England Telephone Company (Connecticut PUC)
A.96-08-001 et al.	California Utilities' Applications to Identify Sunk Costs of Non-
	Nuclear Generation Assets, & Transition Costs for Electric Utility
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96-324	Bell Atlantic - Delaware, Inc. (Delaware PSC)
96-08-070, et al.	Pacific Gas & Electric Co., Southern California Edison Co. and
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97-05-12	Connecticut Light & Power (Connecticut PUC)
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	Restructuring Plan Under Section 2806 of the Public Utility Code
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97-65	Application of Delmarva Power & Light Co. for Application of a
	Cost Accounting Manual and a Code of Conduct (Delaware PSC)
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97-8001	Investigation of Issues to be Considered as a Result of Restructuring of Electric
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97-SCCC-149-GIT	Southwestern Bell Telephone Company Cost Studies (Kansas CC)
PU-314-97-465	US West Universal Service Cost Model (North Dakota PSC)
Non-docketed	Bell Atlantic - Delaware, Inc., Review of New Telecomm.
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E-1032-95-417	Citizens Utility Co., Maricopa Water/Wastewater Companies et al. (Arizona Corporation Commission)
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A00-07-043	Pacific Gas & Electric - 2001 Attrition (California PUC)
T-01051B-99-0499	US West/Quest Broadband Asset Transfer (Arizona CC)
99-419/420	US West, Inc. Toll and Access Rebalancing (North Dakota PSC)
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98-0252	Ameritech - Illinois, Review of Alternative Regulation Plan (Illinois CUB)
00-108	Delmarva Billing System Investigation (Delaware PSC)
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41651	Northern Indiana Public Service Co Overearnings investigation (Indiana UCC)
13605-U	Savannah Electric & Power Company – FCR (Georgia PSC)
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01-BSTT-878-AUD	Bluestem Telephone Company, Inc. Audit/General Rate Investigation (Kansas CC)
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A-122250F5000	Equitable Resources, Inc. and The Peoples Natural Gas Company, d/b/a Dominion Peoples (Pennsylvania PUC)
E-01345A-05-0816	Arizona Public Service Company (Arizona CC)
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06-1068-EL-UNC	Duke Energy Ohio (Ohio PUC)
PUE-2006-00065	Appalachian Power Company (Virginia Corporation Commission)
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G-01551A-07-0504	Southwest Gas Corporation (Arizona CC)
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PUE-2008-00046	Appalachian Power Company (Virginia SCC)
E-01345A-08-0172	Arizona Public Service Company (Arizona CC)
A-2008-2063737	Babcock & Brown Infrastructure Fund North America, LP. and The Peoples Natural Gas Company, d/b/a Dominion Peoples (Pennsylvania PUC)
08-1783-G-42T	Hope Gas, Inc., dba Dominion Hope (West Virginia PSC)
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G-04024A-08-0571	UNS Gas, Inc. (Arizona CC)
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09-0878-G-42T	Mountaineer Gas Company (West Virginia PSC)
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2010-00036	Kentucky-American Water Company (Kentucky PSC)
E-04100A-09-0496	Southwest Transmission Cooperative, IHnc. (Arizona CC)
E-01773A-09-0472	Arizona Electric Power Cooperative, Inc. (Arizona CC)
R-2010-2166208, R-2010-2166210, R-2010-2166212, & R-2010-2166214	Pennsylvania-American Water Company (Pennsylvania PUC)
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10-0713-E-PC	Allegheny Power and FirstEnergy Corp. (West Virginia PSC)
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U-10-51	Cook Inlet Natural Gas Storage Alaska, LLC (Regulatory Commission of Alaska)
10-0699-E-42T	Appalachian Power Company and Wheeling Power Company (West Virginia PSC)
10-0920-W-42T	West Virginia-American Water Company (West Virginia PSC)
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A-2010-2210326	TWP Acquisition (Pennsylvania PUC)
09-1012-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit I (Ohio PUC)
10-268-EL FAC et al.	Financial Audit of the FAC of the Columbus Southern Power Company and the Ohio Power Company – Audit II (Ohio PUC)
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G-01551A-10-0458	Southwest Gas Corporation (Arizona CC)
10-KCPE-415-RTS	Kansas City Power & Light Company – Remand (Kansas CC)
PUE-2011-00037	Virginia Appalachian Power Company (Commonwealth of Virginia SCC)
R-2011-2232243	Pennsylvania-American Water (Pennsylvania PUC)
U-11-100	Power Purchase Agreement between Chugach Association, Inc. and Fire Island Wind, LLC (Regulatory Commission of Alaska)
A.10-12-005	San Diego Gas & Electric Company (California PUC)
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G-04204A-11-0158	UNS Gas, Inc. (Arizona Corporation Commission)
E-01345A-11-0224	Arizona Public Service Company (Arizona CC)
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11-5730-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 2 (Ohio PUC)
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12-02019 & 12-04005	Southwest Gas Corporation (Public Utilities Commission of Nevada)
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12-0511 & 12-0512	North Shore Gas Company and The Peoples Gas Light and Coke Company (Illinois CC)
E-01933A-12-0291	Tucson Electric Power Company (Arizona CC)
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Cause No. 43114-IGCC-10	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
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Case No. 9316	Columbia Gas of Maryland, Inc. (Maryland PSC)
Docket No. 13-0192	Ameren Illinois Company (Illinois CC)
12-1649-W-42T	West Virginia-American Water Company (West Virginia PSC)
E-04204A-12-0504	UNS Electric, Inc. (Arizona CC)
PUE-2013-00020	Virginia and Electric Power Company (Virginia SCC)
R-2013-2355276	Pennsylvania-American Water Company (Pennsylvania PUC)
Formal Case No. 1103	Potomac Electric Power Company (District of Columbia PSC)
U-13-007	Chugach Electric Association, Inc. (The Regulatory Commission of Alaska)
12-2881-EL-FAC	Financial, Management, and Performance Audit of the FAC for Dayton Power and Light – Audit 3 (Ohio PUC)
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13-1892-EL FAC	Financial Audit of the FAC and AER of the Ohio Power Company – Audit I (Ohio PUC)
E-04230A-14-0011 & E-01933A-14-0011	Reorganization of UNS Energy Corporation with Fortis, Inc. (Arizona CC)
14-255-EL RDR	Regulatory Compliance Audit of the 2013 DIR of Ohio Power Company (Ohio PUC)
U-14-001	Chugach Electric Association, Inc. (The Regulatory Commission of Alaska)
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PUE-2014-00026	Virginia Appalachian Power Company (Commonwealth of Virginia SCC)
14-0117-EL-FAC	Financial, Management, and Performance Audit of the FAC and Purchased Power Rider for Dayton Power and Light – Audit 1 (Ohio PUC)
14-0702-E-42T	Monongahela Power Company and The Potomac Edison Company (West Virginia PSC)
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R-2014-2428742	West Penn Power Company (Pennsylvania PUC)
R-2014-2428743	Pennsylvania Electric Company (Pennsylvania PUC)
R-2014-2428744	Pennsylvania Power Company (Pennsylvania PUC)
R-2014-2428745	Metropolitan Edison Company (Pennsylvania PUC)



Cause No. 43114-IGCC-12/13	Duke Energy Indiana, Inc. (Indiana Utility Regulatory Commission)
14-1152-E-42T	Appalachian Power Company and Wheeling Power Company (West Virginia PSC)
WS-01303A-14-0010	EPCOR Water Arizona, Inc. (Arizona CC)
2014-000396	Kentucky Power Company (Kentucky PSC)
15-03-45	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Connecticut PURA)
A.14-11-003	San Diego Gas & Electric Company (California PUC)
U-14-111	ENSTAR Natural Gas Company (Regulatory Commission of Alaska)
2015-UN-049	Atmos Energy Corporation (Mississippi PSC)
15-0003-G-42T	Mountaineer Gas Company (West Virginia PSC)
PUE-2015-00027	Virginia Electric and Power Company (Commonwealth of Virginia SCC)
Docket No. 2015-0022	Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., Maui Electric Company Limited, and NextEra Energy, Inc. (Hawaii PUC)
15-0676-W-42T	West Virginia-American Water Company (West Virginia PSC)
15-07-38	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Connecticut PURA)
15-26	Iberdrola, S.A. Et Al, and UIL Holdings Corporation merger (Massachusetts DPU)
15-042-EL-FAC	Management/Performance and Financial Audit of the FAC and Purchased Power Rider for Dayton Power and Light (Ohio PUC)
U-15-016	Cook Inlet Natural Gas Storage Alaska, LLC (Regulatory Commission of Alaska)
2015-UN-0080	Mississippi Power Company (Mississippi PSC)
Docket No. 15-00042	B&W Pipeline, LLC (Tennessee Regulatory Authority)
WR-2015-0301/SR-2015-0302	Missouri American Water Company (Missouri PSC)
U-15-089, U-15-091, & U-15-092	Golden Heart Utilities, Inc. and College Utilities Corporation (The Regulatory Commission of Alaska)
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PUE-2015-00097	Virginia-American Water Company (Commonwealth of Virginia SCC)
15-1854-EL-RDR	Management/Performance and Financial Audit of the Alternative Energy Recovery Rider of Duke Energy Ohio, Inc. (Ohio PUC)
P-15-014	PTE Pipeline LLC (Regulatory Commission of Alaska)
P-15-020	Swanson River Oil Pipeline, LLC (Regulatory Commission of Alaska)
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Formal Case No. 1137	Washington Gas Light Company (District of Columbia PSC)
160021-EI, et al.	Florida Power Company (Florida PSC)
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R-2016-2537352	Pennsylvania Electric Company (Pennsylvania PUC)
R-2016-2537355	Pennsylvania Power Company (Pennsylvania PUC)
R-2016-2537359	West Penn Power Company (Pennsylvania PUC)
16-0717-G-390P	Hope Gas, Inc., dba Dominion Hope (West Virginia PSC)
15-1256-G-390P	
(Reopening)/16-0922-G-390P	Mountaineer Gas Company (West Virginia PSC)
16-0550-W-P	West Virginia-American Water Company (West Virginia PSC)
CEPR-AP-2015-0001	Puerto Rico Electric Power Authority (Puerto Rico Energy Commission)
E-01345A-16-0036	Arizona Public Service Company (Arizona CC)
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Docket No. 46238	Joint Report and Application of Oncor Electric Delivery Company LLC and NextEra Energy Inc. (Texas State Office of Administrative Hearings; Texas PUC)
U-16-066	ENSTAR Natural Gas Company (Regulatory Commission of Alaska)
Case No. 2016-00370	Kentucky Utilities Company (Kentucky PSC)
Case No. 2016-00371	Louisville Gas and Electric Company (Kentucky PSC)
P-2015-2508942	Metropolitan Edison Company (Pennsylvania PUC)
P-2015-2508936	Pennsylvania Electric Company (Pennsylvania PUC)
P-2015-2508931	Pennsylvania Power Company (Pennsylvania PUC)
P-2015-2508948	West Penn Power Company (Pennsylvania PUC)
E-04204A-15-0142	UNS Electric, Inc. (Arizona CC)
E-01933A-15-0322	Tucson Electric Power Company (Arizona CC)
UE-170033 & UG-170034	Puget Sound Energy, Inc. (Washington UTC)
Case No. U-18239	Consumers Energy Company (Michigan PSC)
Case No. U-18248	DTE Electric Company (Michigan PSC)
Case No. 9449	Merger of AltaGas Ltd. and WGL Holdings (Maryland PSC)
Formal Case No. 1142	Merger of AltaGas Ltd. and WGL Holdings (District of Columbia PSC)
Case No. 2017-00179	Kentucky Power Company (Kentucky PSC)
Docket No. 29849	Georgia Power Plant Vogtle Units 3 and 4, VCM 17 (Georgia PSC)
Docket No. 2017-AD-112	Mississippi Power Company (Mississippi PSC)
Docket No. D2017.9.79	Montana-Dakota Utilities Co. (Montana PSC)
SW-01428A-17-0058 et al	Liberty Utilities (Litchfield Park Water & Sewer) Corp. (Arizona CC)
U-18-021 & U-18-033	Chugach Electric Association, Inc. (Regulatory Commission of Alaska)
Docket No. 4800	Suez Water Rhode Island Inc. (Rhode Island PUC)
General Order No. 236.1	In the Matter of the Effects on Utilities of the 2017 Tax Cuts and Jobs Act (West Virginia PSC)
20180047-EI	Duke Energy Florida, LLC. (Florida PSC)
20180046-EI	Florida Power & Light Company (Florida PSC)
20180048-EI	Florida Public Utilities Company – Electric (Florida PSC)
20180052-GU	Florida Public Utilities Company – Indiantown (Florida PSC)
20180054-GU	Florida Division of Chesapeake Utilities Corporation (Florida PSC)
20180051-GU	Florida Public Utilities Company – Gas Division (Florida PSC)
20180053-GU	Florida Public Utilities Company - Fort Meade (Florida PSC)
Cause No. 45032 S4	Indiana American Water Company, Inc. Phase 2 (Indiana Utility Regulatory Commission)
Docket No. D2018.1.6	Montana-Dakota Utilities Co. (Montana PSC)
Docket No. D2018.4.24	NorthWestern Energy (Montana PSC)
Docket No. D2018.4.22	Montana-Dakota Utilities Co. (Montana PSC)
18-0573-W-42T & 18-0576-S-42T	West Virginia-American Water Company (West Virginia PSC)
18-0646-E-42T & 18-0645 E-D	Appalachian Power Company and Wheeling Power Company (West Virginia PSC)
18-0049-GA-ALT, 18-0298-GA-AIR, & 18-0299-GA-ALT	Vectren Energy Delivery of Ohio, Inc. (Ohio PUC)
R-2018-3003558, R-2018-3003561	Aqua Pennsylvania, Inc. and Aqua Pennsylvania Wastewater, Inc. (Pennsylvania PUC)
Cause No. 45142	Indiana-American Water Company, Inc. (Indiana Utility Regulatory Commission)
U-18-043	Cook Inlet Natural Gas Storage Alaska, LLC (Regulatory Commission of Alaska)
T-03214-17-0305	Citizens Telecommunications Company of The White Mountains, Inc. d/b/a Frontier Communications of The White Mountains (Arizona CC)
Docket No. D2018.9.60	Montana-Dakota Utilities Co. (Montana PSC)

Docket No. 4890 PUR-2018-00131 EL18-152-000	Narragansett Bay Commission (Rhode Island PUC) Columbia Gas of Virginia (Virginia SCC) Louisiana PSC v. System Energy Resources, Inc. and Entergy Services, Inc. (FERC)
PUR-2018-00175	Virginia-American Water Company (Virginia SCC)
A-2018-3006061, A-2018-3006062 and A-2018-3006063	Aqua America, Inc., Aqua Pennsylvania, Inc., Aqua Pennsylvania Wastewater, Inc., Peoples Natural Gas Company LLC, Peoples Gas Company LLC (Pennsylvania PUC)
Docket No. D2018.2.12 Docket No. 42310 U-18-102	NorthWestern Energy (Montana PSC) Georgia Power Company – Integrated Resource Plan (Georgia PSC) Municipality of Anchorage d/b/a Municipal Light & Power Department (Regulatory Commission of Alaska)
PUC Docket No. 49494 Application 18-12-009 19-0316-G-42T U-19-020	AEP Texas, Inc. (Texas PUC) Pacific Gas and Electric Company (California PUC) Mountaineer Gas Company (West Virginia PSC) Chugach Electric Association, Inc. and Municipality of Anchorage d/b/a Municipal Light & Power Department (Regulatory Commission of Alaska)
19-0051-EL-RDR	Management/Performance and Financial Audit of the Alternative Energy Recovery Rider of Duke Energy Ohio, Inc. (Ohio PUC)
A-2018-3006061, A-2018-3006062, and A-2018-3006063	Joint Application of Aqua America, Inc., Aqua Pennsylvania, Inc. Aqua Pennsylvania Wastewater, Inc., Peoples Natural Gas Company LLC, and Peoples Gas Company LLC (Pennsylvania PUC)
ER-18-1182-001 E-01933A-19-0028 G-01551A-19-0055 2018-UN-205 W-03039A-17-0295, W-03039A-19-0092, and WS-01303A-19-0092	System Energy Resources, Inc. (FERC) Tuscon Electric Power Company (Arizona CC) Southwest Gas Corporation (Arizona CC) Entergy Mississippi, LLC (Mississippi PSC)
Docket No. 4975	Brooke Water, LLC and EPCOR Water Arizona (Arizona CC) Block Island Utility District d/b/a Block Island Power Company (Rhode Island PUC)
A-2019-3014248	Pennsylvania-American Water Company and Wastewater System Assets of Kane Borough (Pennsylvania PUC)
Docket No. 4994 19-0791-GA-ALT	Providence Water Supply Board (Rhode Island PUC) Plant in Service and Capital Spending Prudence Audit of Duke Energy Ohio (Ohio PUC)
U-19-070/U-19-071/ U-19-087/U-19-088	Golden Heart Utilities, Inc. and College Utilities Corporation (Regulatory Commission of Alaska)
Docket No. 42516 20200070-EI 20200071-EI 20200092-EI 20-GREC-01 20-GREC-03	Georgia Power Company (Georgia PSC) Gulf Power Company (Florida PSC) Florida Power & Light Company (Florida PSC) Florida Power & Light Company and Gulf Power Company (Florida PSC) Fitchburg Gas and Electric Light Company d/b/a Unitil (Massachusetts DPU) Boston Gas Company and Colonial Gas Company d/b/a National Grid (Massachusetts DPU)
20-GREC-04	Liberty Utilities (New England Natural Gas Company) Corp d/b/a Liberty Utilities (Massachusetts DPU)
PUR-2020-00015 20-0414-G-390P Cause No. 45032-S16	Appalachian Power Company (Virginia SCC) Hope Gas, Inc. dba Dominion Energy West Virginia (West Virginia PSC) Hamilton Southeastern Utilities, Inc. (Indiana URC)

2019.1.101 A-2019-3015173	NorthWestern Energy (Montana PSC) Aqua Pennsylvania Wastewater Inc. and Wastewater System Assets of the Delaware County Regional Water Quality Control Authority (Pennsylvania PUC)
R-2020-3019369 and R-2020-3019371 2020.06.076 P-20-005 2020.05.055 2020.05.066 20-553-EL-RDR	Pennsylvania American Water Company (Pennsylvania PUC) Montana-Dakota Utilities Co. (Montana PSC) Cook Inlet Pipeline LLC (Regulatory Commission of Alaska) Montana-Dakota Utilities Co. (Montana PSC) NorthWestern Energy (Montana PSC) Management/Performance and Financial Audit of the Alternative Energy Rider of the Dayton Power and Light Company (Ohio PUC)
E-01345A-19-0236 U-20-012	Arizona Public Service Company (Arizona CC) Cook Inlet Natural Gas Storage Alaska, LLC (Regulatory Commission of Alaska)
Docket No. 20-01-31	The Southern New England Telephone Company d/b/a Frontier Communications of Connecticut (SNET) (Connecticut PURA)
P-2020-3021191 A-2021-3026523, A-2021-3026515, and A-2021-3026522	Peoples Natural Gas Company LLC (Pennsylvania PUC)  Joint Application of Veolia Environnement S.A., Veolia North America, Inc., SUEZ S.A., SUEZ Water Pennsylvania Inc. and SUEZ Water Bethel Inc. (Pennsylvania PUC)
A-2021-3026794 and A-2021-3026796	Joint Application of Peoples Natural Gas Company LLC and Peoples Gas Company (Pennsylvania PUC)
A-2021-3026774 and A-2021-3026775	Joint Application of Aqua Pennsylvania Inc., and Aqua Pennsylvania Wastewater Inc. (Pennsylvania PUC)
A-2021-3024267 R-2021-3027385 and R-2021-3027386	Aqua Pennsylvania Wastewater Inc. (Pennsylvania PUC)  Aqua Pennsylvania, Inc, and Aqua Pennsylvania Wastewater, Inc. (Pennsylvania PUC)
21-0595-WW-AIR 21-0596-ST-AIR U-21-058	Aqua Ohio, Inc. (Ohio PUC) Aqua Ohio Wastewater, Inc. (Ohio PUC) Cook Inlet Natural Gas Storage Alaska, LLC (Regulatory Commission of Alaska)
E-01345A-21-0056	Fuel and Purchased Power Audit of Arizona Public Service Company (Arizona CC)

Florida Public Utilities Company Consolidated Gas  
Docket No. 20220067-GU  
Exhibit RCS-2  
Revenue Requirement Schedules  
Accompanying the Direct Testimony of Ralph C. Smith

Schedule	Description	Pages	Confidential	Exhibit Page No.
<b>Revenue Requirement Summary Schedules</b>				
A	Calculation of Revenue Deficiency (Sufficiency)	2	No	2-3
A-1	Gross Revenue Conversion Factor	1	No	4
B	Adjusted Rate Base	1	No	5
B.1	Summary of Adjustments to Rate Base	1	No	6
C	Adjusted Net Operating Income	1	No	7
C.1	Summary of Net Operating Income Adjustments	2	No	8-9
D	Capital Structure and Cost Rates	1	No	10
<b>Rate Base Adjustments</b>				
B-1	Miscellaneous Intangible Plant	1	No	11
B-2	Directors and Officers Liability Insurance Expense in Working Capital	1	No	12
B-3	Accumulated Depreciation - New Depreciation Rates	1	No	13
B-4	Unamortized Rate Case Expense	1	No	14
B-5	Accumulated Depreciation - Area Expansion Program	1	No	15
B-6	FPUC Merger Acquisition Adjustment	1	No	16
<b>Net Operating Income Adjustments</b>				
C-1	Depreciation Expense - New Depreciation Rates	5	No	17-21
C-2	Amortization Expense Related to FPUC Merger Acquisition Adjustment	1	No	22
C-3	Incentive Compensation Expense	1	No	23
C-4	Stock-Based Compensation Expense	1	No	24
C-5	Payroll Tax Expense	1	No	25
C-6	Supplemental Executive Retirement Program (SERP) Expense	1	No	26
C-7	Directors and Officers Liability Insurance Expense	1	No	27
C-8	Rent Expense	1	No	28
C-9	Lobbying Costs	1	No	29
C-10	Interest Synchronization	1	No	30
C-11	Parent Company Debt Adjustment	2	No	31-32
C-12	Company Sponsored Events	1	No	33
Total Pages, Including Content Listing		33		

Florida Public Utilities Company Consolidated Gas  
 Computation of Increase in Gross Revenue Requirement

Docket No. 20220067-GU  
 Exhibit RCS-2  
 Schedule A  
 Page 1 of 2

Projected Test Year Ended December 31, 2023

Line No.	Description	Col. (B) Reference	Per Company Amount (A)	Per OPC Amount (B)	Difference (C) = (B) - (A)
1	Jurisdictional Adjusted Rate Base	Exh. RCS-2, Sch. B-1	\$ 454,887,154	\$ 435,138,548	\$ (19,748,607)
2	Required Rate of Return	Exh. RCS-2, Sch. D	6.43%	5.20%	
3	Jurisdictional Income Required	Line 1 x Line 2	\$ 29,249,244	\$ 22,637,240	\$ (6,612,004)
4	Jurisdictional Adj. Net Operating Income	Exh. RCS-2, Sch. C-1	\$ 11,417,702	\$ 16,894,019	\$ 5,476,316
5	Income Deficiency (Sufficiency)	Line 3 - Line 4	\$ 17,831,542	\$ 5,743,222	\$ (12,088,320)
6	Earned Rate of Return	Line 4 / Line 1	2.51%	3.88%	
7	Net Operating Income Multiplier	Exh. RCS-2, Sch. A-1	1.34941	1.34941	
8	Revenue Deficiency (Sufficiency)	Line 5 x Line 7	\$ 24,061,982	\$ 7,749,935	\$ (16,312,047)
9	GRIP Surcharge Revenue Embedded in Base Rates		\$ 19,755,931	\$ 19,755,931	\$ -
10	Total Revenue Requirement		\$ 43,817,913	\$ 27,505,866	\$ (16,312,047)

Source/Notes:

Col. (A): MFR Schedule G-5 Consolidated

Florida Public Utilities Company Consolidated Gas  
Revenue Requirement Reconciliation  
Projected Test Year Ended December 31, 2023

Docket No. 20220067-GU  
Exhibit RCS-2  
Schedule A  
Page 2 of 2

Line No.	Description	Schedule	OPC Adjusted Rate Base (A)	Conversion Factor (B)	Equivalent Revenue Requirement Amount (C)
1	<b>Rate of return difference</b>	D		-1.23%	
2	OPC GRCF	A-1		1.34941	
3	<b>Rate Base</b>			-1.656657%	
4	Original Cost Rate Base per FPL's Filing	B	\$ 454,887,154		\$ (7,535,918)
5	OPC ROR	D		5.20%	
6	OPC ROR x GRCF			7.02%	
	<b>Effect of OPC adjustments to Rate Base</b>				
7	Miscellaneous Intangible Plant	B-1	\$ (85,839)	7.02%	\$ (6,026)
8	Directors and Officers Liability Insurance Expense in Working Capital	B-2	\$ (18,049)	7.02%	\$ (1,267)
9	Accumulated Depreciation - New Depreciation Rates	B-3	\$ 928,851	7.02%	\$ 65,206
10	Unamortized Rate Case Expense	B-4	\$ (1,871,956)	7.02%	\$ (131,412)
11	Accumulated Depreciation - Area Expansion Program	B-5	\$ (85,698)	7.02%	\$ (6,016)
12	FPUC Merger Acquisition Adjustment	B-6	\$ (18,615,916)	7.02%	\$ (1,306,841)
13	Total OPC Original Cost Rate Base Adjustments		<u>\$ (19,748,607)</u>		
14	<b>OPC Adjusted Original Cost Rate Base</b>		<u>\$ 435,138,548</u>		
			OPC Revenue and Expense Adjs. (D)	OPC Adjusted Net Operating Income (E)	
	<b>Net Operating Income</b>			\$ 11,417,702	
15	Net Operating Income per FPUC's Filing				
16	<b>Effect of OPC Adjustments on NOI</b>			GRCF	
17	Depreciation Expense - New Depreciation Rates	C-1	\$ (2,204,818)	\$ 1,646,007	1.34941
18	Amortization Expense Related to FPUC Merger Acquisition Adjustment	C-2	\$ (1,139,750)	\$ 850,880	1.34941
19	Incentive Compensation Expense	C-3	\$ (1,090,101)	\$ 813,815	1.34941
20	Stock-Based Compensation Expense	C-4	\$ (1,375,505)	\$ 1,026,883	1.34941
21	Payroll Tax Expense	C-5	\$ (188,619)	\$ 140,813	1.34941
22	Supplemental Executive Retirement Program (SERP) Expense	C-6	\$ (1,762)	\$ 1,315	1.34941
23	Directors and Officers Liability Insurance Expense	C-7	\$ (85,528)	\$ 63,851	1.34941
24	Rent Expense	C-8	\$ (78,249)	\$ 58,417	1.34941
25	Lobbying Costs	C-9	\$ (41,881)	\$ 31,266	1.34941
26	Interest Synchronization	C-10	\$ -	\$ 134,104	1.34941
27	Parent Company Debt Adjustment	C-11	\$ -	\$ 679,973	1.34941
28	Company Sponsored Events	C-12	\$ (38,835)	\$ 28,992	1.34941
29	Total OPC Adjustments to Pre-Tax Income and to Operating Income		<u>\$ (6,245,046)</u>	<u>\$ 5,476,316</u>	
30	<b>OPC Adjusted Net Operating Income</b>			<u>\$ 16,894,019</u>	
	<b>Gross Revenue Conversion Factor Difference:</b>				
31	Per OPC			1.34941	
32	Per Company			1.34941	
33	Difference			0.00000	
34	Company adjusted NOI deficiency			<u>\$ 17,831,542</u>	
35	GRCF difference				\$ -
36	OPC REVENUE REQUIREMENT ADJUSTMENTS IDENTIFIED ABOVE				<u>\$ (16,312,045)</u>
37	Company requested Base Rate Revenue Increase	Exhibit RCS-2, Schedule A, page 1, column A, line 8			<u>\$ 24,061,982</u>
38	Reconciled Revenue Requirement				<u>\$ 7,749,937</u>
39	Revenue Requirement Calculated	Exhibit RCS-2, Schedule A, page 1, column B, line 8			<u>\$ 7,749,935</u>
40	Unidentified Difference				<u>\$ 2</u>

Notes and Source

Pre-tax return computed using Gross Revenue Conversion Factor

Florida Public Utilities Company Consolidated Gas  
Computation of Gross Revenue Conversion Factor

Docket No. 20220067-GU  
Exhibit RCS-2  
Schedule A-1  
Page 1 of 1

Projected Test Year Ended December 31, 2023

Line No.	Description	Reference	Per Company (A)	OPC Proposed (B)
1	Revenue Requirement		100.0000%	100.0000%
2	Gross Receipts Tax Rate		0.0000%	0.0000%
3	Regulatory Assessment Rate		0.5030%	0.5030%
4	Bad Debt Rate		<u>0.2314%</u>	<u>0.2314%</u>
5	Net Before Income Taxes	L1 - L2 - L3	99.2656%	99.2656%
6	State Income Tax Rate		<u>5.5000%</u>	<u>5.5000%</u>
7	State Income Tax	L4 x L5	5.4596%	5.4596%
8	Net Before Federal Income Tax	L4 -L6	<u>93.8060%</u>	<u>93.8060%</u>
9	Federal Income Tax Rate		<u>21.0000%</u>	<u>21.0000%</u>
10	Federal Income Tax	L7 x L8	19.6993%	19.6993%
11	Revenue Expansion Factor	L7 - L9	<u>74.1067%</u>	<u>74.1067%</u>
12	Net Operating Income Multiplier	100% / L10	<u><u>1.3494</u></u>	<u><u>1.3494</u></u>

Notes and Source

Col. (A): FPUC Schedule G-4 Consolidated

13	Combined State and Federal Income Tax Rate		<u>25.35%</u>	<u>25.35%</u>
14	Components of Revenue Requirement Increase (\$000's)			
		<u>Percent</u>	<u>Amount</u>	
		(C)	(D)	
15	Net Income	74.11%	5,743,221	
16	Federal Income Taxes	19.70%	1,526,679	
17	State Income Taxes	5.46%	423,116	
18	Uncollectibles	0.23%	17,936	
19	Regulatory Assessment Rate	0.50%	38,982	
20	Total Revenue Increase	<u>100.00%</u>	<u>7,749,935</u>	
21	Total Revenue Increase per Schedule A		<u>\$ 7,749,935</u>	
22	Difference		<u>\$ (0.01)</u>	



Projected Test Year Ended December 31, 2023

Line No.	Description	Per FPUC (A)	OPC Adjustments (B)	As Adjusted by OPC (C)
<u>Utility Plant</u>				
1	Plant in Service	\$ 553,254,413	\$ (85,839)	\$ 553,168,574
2	Common Plant Allocated	\$ 8,688,278	\$ -	\$ 8,688,278
3	Acquisition Adjustment	\$ 36,202,069	\$ (34,192,493)	\$ 2,009,576
4	Completed Not Classified Plant	\$ -	\$ -	\$ -
5	Construction Work in Progress	\$ 7,130,484	\$ -	\$ 7,130,484
6	Goodwill	\$ -	\$ -	\$ -
7	Common Construction Work in Progress	\$ -	\$ -	\$ -
8	Total	\$ 605,275,245	\$ (34,278,332)	\$ 570,996,913
<u>Deductions</u>				
9	Accumulated Depreciation - Utility Plant	\$ (134,992,960)	\$ 843,153	\$ (134,149,807)
10	Accumulated Depreciation - Common Plant	\$ (2,966,035)	\$ -	\$ (2,966,035)
11	Accumulated Depreciation - Acquisition Adjustment	\$ (17,118,275)	\$ 15,576,577	\$ (1,541,698)
12	Retirement Work in Progress	\$ -	\$ -	\$ -
13	Customer Adv. For Const.	\$ (695,131)	\$ -	\$ (695,131)
14	Total Deductions	\$ (155,772,401)	\$ 16,419,730	\$ (139,352,671)
15	Plant Net	\$ 449,502,843	\$ (17,858,602)	\$ 431,644,241
<u>Allowance for Working Capital</u>				
16	Balance Sheet Method	\$ (469,046)	\$ -	\$ (469,046)
17	Common Working Capital	\$ 5,853,357	\$ (1,890,005)	\$ 3,963,353
18	Total Rate Base	\$ 454,887,154	\$ (19,748,607)	\$ 435,138,548

Notes and Source

Col. (A): Company MFR Schedule G-1, page 1 of 28

Col. (

Florida Public Utilities Company Consolidated Gas  
Summary of Rate Base Adjustments

Projected Test Year Ended December 31, 2023

Docket No. 20220067-GU  
Exhibit RCS-2  
Schedule B.1  
Page 1 of 1

Line No.	Description	OPC Adjustments	Miscellaneous Intangible Plant B-1	Directors and Officers Liability Insurance Expense in Working Capital B-2	Accumulated Depreciation - New Depreciation Rates B-3	Unamortized Rate Case Expense B-4	Accumulated Depreciation - Area Expansion Program B-5	FPUC Merger Acquisition Adjustment B-6
<u>Utility Plant</u>								
1	Plant in Service	\$ (85,839)	\$ (85,839)					
2	Common Plant Allocated	\$ -						
3	Acquisition Adjustment	\$ (34,192,493)						\$ (34,192,493)
4	Completed Not Classified Plant	\$ -						
5	Construction Work in Progress	\$ -						
6	Goodwill	\$ -						
7	Common Construction Work in Progress	\$ -						
8	Total	\$ (34,278,332)	\$ (85,839)	\$ -	\$ -	\$ -	\$ -	\$ (34,192,493)
<u>Deductions</u>								
9	Accumulated Depreciation - Utility Plant	\$ 843,153			\$ 928,851		\$ (85,698)	
10	Accumulated Depreciation - Common Plant	\$ -						
11	Accumulated Depreciation - Acquisition Adjustment	\$ 15,576,577						\$ 15,576,577
12	Retirement Work in Progress	\$ -						
13	Customer Adv. For Const.	\$ -						
14	Total Deductions	\$ 16,419,730	\$ -	\$ -	\$ 928,851	\$ -	\$ (85,698)	\$ 15,576,577
15	Plant Net	\$ (17,858,602)	\$ (85,839)	\$ -	\$ 928,851	\$ -	\$ (85,698)	\$ (18,615,916)
<u>Allowance for Working Capital</u>								
16	Balance Sheet Method	\$ -						
17	Common Working Capital	\$ (1,890,005)		\$ (18,049)		\$ (1,871,956)		
18	Total Rate Base	\$ (19,748,607)	\$ (85,839)	\$ (18,049)	\$ 928,851	\$ (1,871,956)	\$ (85,698)	\$ (18,615,916)

Florida Public Utilities Company Consolidated Gas  
Adjusted Net Operating Income

Docket No. 20220067-GU  
Exhibit RCS-2  
Schedule C  
Page 1 of 1

Projected Test Year Ended December 31, 2023

Line No.	Description	As Adjusted by FPUC (A)	OPC Adjustments (B)	As Adjusted by OPC (C)
1	Operating Revenues	\$ 81,305,318	\$ -	\$ 81,305,318
	<u>Operating Revenue Deductions</u>			
2	Operating & Maintenance Expense	\$ 44,026,719	\$ (2,711,860)	\$ 41,314,859
3	Depreciation & Amortization Expense	\$ 16,316,662	\$ (3,344,568)	\$ 12,972,094
4	Taxes Other Than Income	\$ 7,566,334	\$ (188,619)	\$ 7,377,715
5	Income Taxes - Federal	\$ 281,039	\$ 454,354	\$ 735,393
6	Income Taxes - State	\$ (547,197)	\$ 314,376	\$ (232,821)
7	Deferred Taxes - Federal	\$ 1,208,287	\$ -	\$ 1,208,287
8	Deferred Taxes - State	\$ 1,035,772	\$ -	\$ 1,035,772
9	Investment Tax Credits	\$ -	\$ -	\$ -
10	Total Operating Revenue Deductions	\$ 69,887,615	\$ (5,476,316)	\$ 64,411,299
11	Net Operating Income	\$ 11,417,702	\$ 5,476,316	\$ 16,894,019

Notes and Source

Col.(A): Per Company amounts are from FPUC MFR Schedule G-2, page 1 of 31  
Col. (B): RCS-2, Schedule C.1

Florida Public Utilities Company Consolidated Gas  
Summary of Net Operating Income Adjustments

Docket No. 20220067-GU  
Exhibit RCS-2  
Schedule C.1  
Page 1 of 2

Projected Test Year Ended December 31, 2023

Line No.	Description	OPC Adjustments	Depreciation	Amortization	Incentive	Stock-Based	Payroll Tax Expense	Supplemental	Directors and
			Expense - New Depreciation Rates	Expense Related to FPUC Merger	Compensation Expense	Compensation Expense		Executive Retirement Program	Officers Liability Insurance
			C-1	C-2	C-3	C-4	C-5	C-6	C-7
1	Operating Revenues	\$ -							
<u>Operating Revenue Deductions</u>									
2	Operating & Maintenance Expense	\$ (2,711,860)			\$ (1,090,101)	\$ (1,375,505)		\$ (1,762)	\$ (85,528)
3	Depreciation and Amortization Expense	\$ (3,344,568)	\$ (2,204,818)	\$ (1,139,750)					
4	Taxes Other Than Income	\$ (188,619)					\$ (188,619)		
5	Deferred Taxes - Federal	\$ -							
6	Deferred Taxes - State	\$ -							
7	Investment Tax Credits	\$ -							
8	PRE-TAX OPERATING EXPENSES	\$ (6,245,046)	\$ (2,204,818)	\$ (1,139,750)	\$ (1,090,101)	\$ (1,375,505)	\$ (188,619)	\$ (1,762)	\$ (85,528)
9	PRE-TAX OPERATING INCOME	\$ 6,245,046	\$ 2,204,818	\$ 1,139,750	\$ 1,090,101	\$ 1,375,505	\$ 188,619	\$ 1,762	\$ 85,528
10	Income Taxes - Federal	\$ 454,354	\$ 437,546	\$ 226,183	\$ 216,330	\$ 272,969	\$ 37,431	\$ 350	\$ 16,973
11	Income Taxes - State	\$ 314,376	\$ 121,265	\$ 62,686	\$ 59,956	\$ 75,653	\$ 10,374	\$ 97	\$ 4,704
12	Total Income Taxes	\$ 768,730	\$ 558,811	\$ 288,870	\$ 276,286	\$ 348,622	\$ 47,805	\$ 447	\$ 21,677
13	TOTAL OPERATING EXPENSES	\$ (5,476,316)	\$ (1,646,007)	\$ (850,880)	\$ (813,815)	\$ (1,026,883)	\$ (140,813)	\$ (1,315)	\$ (63,851)
14	OPERATING INCOME	\$ 5,476,316	\$ 1,646,007	\$ 850,880	\$ 813,815	\$ 1,026,883	\$ 140,813	\$ 1,315	\$ 63,851

Notes and Source

Combined Effective Tax Rate\* 5.50%

Federal Income Tax Rate\* 21.00%

\*Per MFR Schedule G-6, page 4 of 4

Florida Public Utilities Company Consolidated Gas  
Summary of Net Operating Income Adjustments

Docket No. 20220067-GU  
Exhibit RCS-2  
Schedule C.1  
Page 2 of 2

Projected Test Year Ended December 31, 2023

Line No.	Description	Rent		Interest	Parent Company	Company
		Expense	Lobbying Costs	Synchronization	Debt Adjustment	Sponsored Events
		C-8	C-9	C-10	C-11	C-12
1	Operating Revenues					
	<u>Operating Revenue Deductions</u>					
2	Operating & Maintenance Expense	\$ (78,249)	\$ (41,881)			\$ (38,835)
3	Depreciation and Amortization Expense					
4	Taxes Other Than Income					
5	Deferred Taxes - Federal					
6	Deferred Taxes - State					
7	Investment Tax Credits					
8	PRE-TAX OPERATING EXPENSES	\$ (78,249)	\$ (41,881)	\$ -	\$ -	\$ (38,835)
9	PRE-TAX OPERATING INCOME	\$ 78,249	\$ 41,881	\$ -	\$ -	\$ 38,835
10	Income Taxes - Federal	\$ 15,529	\$ 8,311	\$ (105,003)	\$ (679,973)	\$ 7,707
11	Income Taxes - State	\$ 4,304	\$ 2,303	\$ (29,101)	\$ -	\$ 2,136
12	Total Income Taxes	\$ 19,832	\$ 10,615	\$ (134,104)	\$ (679,973)	\$ 9,843
13	TOTAL OPERATING EXPENSES	\$ (58,417)	\$ (31,266)	\$ (134,104)	\$ (679,973)	\$ (28,992)
14	OPERATING INCOME	\$ 58,417	\$ 31,266	\$ 134,104	\$ 679,973	\$ 28,992

Notes and Source

Combined Effective Tax Rate*	5.50%
Federal Income Tax Rate*	21.00%

\*Per MFR Schedule G-6, page 4 of 4

Projected Test Year Ended December 31, 2023

Line No.	Description	Capital Structure Per Company (A)	Adjustments to Cap. Structure (B)	Adjusted Amounts (C)	Specific Adjustments (D)	Rate Base Adjustments Pro Rata to Capital Structure (E)	Adjusted Amounts (F)	Ratio (G)	Cost Rate (H)	Weighted Cost Rate (I)
<b>Per Company</b>										
1	Common Equity	\$ 205,350,391		\$ 205,350,391			\$ 205,350,391	45.14%	11.25%	5.08%
2	Long Term Debt	\$ 148,546,502		\$ 148,546,502			\$ 148,546,502	32.66%	3.48%	1.14%
3	Short Term Debt	\$ 20,789,980		\$ 20,789,980			\$ 20,789,980	4.57%	3.28%	0.15%
4	Customer Deposits	\$ 10,782,475		\$ 10,782,475			\$ 10,782,475	2.37%	2.37%	0.06%
5	Deferred Taxes	\$ 42,152,613		\$ 42,152,613			\$ 42,152,613	9.27%	0.00%	0.00%
6	Deferred Tax Common	\$ 79,591		\$ 79,591			\$ 79,591	0.02%	0.00%	0.00%
7	Regulatory Tax Liab.	\$ 27,159,827		\$ 27,159,827			\$ 27,159,827	5.97%	0.00%	0.00%
8	Regulatory Tax Liab. Common	\$ 25,774		\$ 25,774			\$ 25,774	0.01%	0.00%	0.00%
9	Total	<u>\$ 454,887,154</u>	<u>\$ -</u>	<u>\$ 454,887,154</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454,887,154</u>	<u>100.00%</u>		<u>6.43%</u>

Per OPC	Capital Structure Per Company	OPC Adjustments to Cap. Structure	Adjusted Amounts	Specific Adjustments	Rate Base Adjustments Pro Rata to Capital Structure	Per OPC Adjusted Amounts	Ratio	Cost Rate	Weighted Cost Rate
10	Common Equity	\$ (24,898,365)	\$ 180,452,026		\$ (7,834,198)	\$ 172,617,828	39.67%	<b>9.25%</b>	3.67%
11	Long Term Debt	\$ 24,898,365	\$ 173,444,868		\$ (7,529,987)	\$ 165,914,880	38.13%	3.48%	1.33%
12	Short Term Debt	\$ -	\$ 20,789,980		\$ (902,582)	\$ 19,887,398	4.57%	3.28%	0.15%
13	Customer Deposits	\$ -	\$ 10,782,475		\$ (468,114)	\$ 10,314,361	2.37%	2.37%	0.06%
14	Deferred Taxes	\$ -	\$ 42,152,613		\$ (1,830,026)	\$ 40,322,587	9.27%	0.00%	0.00%
15	Deferred Tax Common	\$ -	\$ 79,591		\$ (3,455)	\$ 76,135	0.02%	0.00%	0.00%
16	Regulatory Tax Liab.	\$ -	\$ 27,159,827		\$ (1,179,125)	\$ 25,980,702	5.97%	0.00%	0.00%
17	Regulatory Tax Liab. Common	\$ -	\$ 25,774		\$ (1,119)	\$ 24,655	0.01%	0.00%	0.00%
18	Total	<u>\$ 0</u>	<u>\$ 454,887,154</u>	<u>\$ -</u>	<u>\$ (19,748,607)</u>	<u>\$ 435,138,547</u>	<u>100.00%</u>		<u>5.20%</u>
19	Difference								<u>-1.23%</u>

^ Ratio of Equity and Debt Components	Per FPUC Amounts	Equity/LTD Ratio Per FPUC	Equity/LTD Ratio Per OPC	Percentage Difference	OPC Adjustment to Capital Structure
	(a)	(b)	(c)	(d) = (c - b)	(e) = (a x d)
20	Common Equity	58.03%	50.99%	-7.04%	\$ (24,898,365)
21	Long Term Debt	41.97%	49.01%	7.04%	\$ 24,898,365
22		100.00%	100.00%		\$ 0

Notes and Source

The per Company amounts are from MFR Schedule G-3, page 2 of 11

Column (C): Capitalization Ratio per OPC sponsored by OPC Witness David Garrett

Column (D): OPC rate base adjustments are from Schedule B

Rate Base Adjustments OPC RB Adjs  
\$ (19,748,607)

Column (G): Lines 11 - 17 based on per-FPUC Cost rates. Return on Equity on line 10 sponsored by OPC witness David Garrett

FPUC Weighted Cost of Debt for Interest Synchronization 1.35% Col. H, lines 2, 3 and 4  
OPC Weighted Cost of Debt for Interest Synchronization 1.53% Col. H, lines 11, 12 and 13

Projected Test Year Ended December 31, 2023

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Amount</u> (A)	<u>Reference</u>
1	OPC Adjustment to Miscellaneous Intangible Plant	<u>\$ (85,839)</u>	A

Notes and Source:

A: Amount from the response to OPC ROG 119

Projected Test Year Ended December 31, 2023

Line No.	Description	Per FPUC (A)	Per OPC (B)	OPC Adjustment (C)
1	OPC Adjustment to Directors and Officers Liability Insurance	\$ 36,098	\$ 18,049	\$ (18,049)

Notes and Source

Col. A: Amount from FPUC's response to OPC ROG 61

Col. B: Disallowance Calculation:

Directors and Officers Liability Insurance in Working Capital - Per FPUC	\$ 36,098
Disallowance Percentage	50%
Directors and Officers Liability Insurance in Working Capital - Per OPC	<u>\$ 18,049</u>



Projected Test Year Ended December 31, 2023

Line No.	Description	Amount	Reference
1	OPC Adjustment to Accumulated Depreciation	<u>\$ 928,851</u>	A

Notes and Source:

A: See Schedule C-1, page 5 and the calculation below:

Description	Amount	Cumulative Amount
2 January 2023		
3 February 2023	\$ (181,499)	\$ (181,499)
4 March 2023	\$ (181,763)	\$ (363,262)
5 April 2023	\$ (182,084)	\$ (545,346)
6 May 2023	\$ (182,580)	\$ (727,926)
7 June 2023	\$ (183,076)	\$ (911,002)
8 July 2023	\$ (183,571)	\$ (1,094,573)
9 August 2023	\$ (184,125)	\$ (1,278,699)
10 September 2023	\$ (184,680)	\$ (1,463,378)
11 October 2023	\$ (186,180)	\$ (1,649,559)
12 November 2023	\$ (186,735)	\$ (1,836,294)
13 December 2023	\$ (187,231)	\$ (2,023,525)
14 Total	<u>\$ (2,023,525)</u>	\$ (12,075,061)
15 Divide by 13 Months		<u>13</u>
16 OPC Adjustment to Accumulated Depreciation		<u>\$ (928,851)</u>

Projected Test Year Ended December 31, 2023

Line No.	Description	Amount (A)	Reference
1	OPC Adjustment to Remove Unamortized Rate Case Expense from Rate Base	<u>\$ (1,871,956)</u>	A

Notes and Source:

A: Amount calculated below using information from the response to OPC ROG 139:

Description	Amount	Reference
2 One-half of total projected rate case expense of \$3,743,911 from original filing	\$ 1,871,956	MFR Sch. G-1, page 5
3 One-half of total corrected rate case expense of \$3,427,574 from MFR Sch. C-13	\$ 1,713,787	OPC ROG 139
4 Difference representing the Company's correction	<u>\$ (158,169)</u>	L3 - L2
5 One-half of total corrected rate case expense of \$3,427,574 from MFR Sch. C-13	<u>\$ (1,713,787)</u>	OPC ROG 139
6 Total amount of rate case expense to be removed from working capital	<u>\$ (1,871,956)</u>	L4 + L5

Florida Public Utilities Company Consolidated Gas  
Accumulated Depreciation - Area Expansion Program

Projected Test Year Ended December 31, 2023

Docket No. 20220067-GU  
Exhibit RCS-2  
Schedule B-5  
Page 1 of 1

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Amount</u> (A)	<u>Reference</u>
1	OPC Adjustment to Accumulated Depreciation Related to the Area Expansion Program	<u>\$ (85,698)</u>	A

Notes and Source

A: Amount from the response to Staff ROG 7(b)

Florida Public Utilities Company Consolidated Gas  
FPUC Merger Acquisition Adjustment

Docket No. 20220067-GU  
Exhibit RCS-2  
Schedule B-6  
Page 1 of 1

Projected Test Year Ended December 31, 2023

Line No.	Description	Amount (A)	Reference
1	Adjustment to Remove Acquisition Adjustment Related to the Merger of FPUC with Chesapeake Utilities Corporation	<u>\$ (34,192,493)</u>	A
2	Adjustment to Accumulated Amortization Related to the Merger of FPUC with Chesapeake Utilities Corporation	<u>\$ 15,576,577</u>	B
3	Net Adjustment to Rate Base	<u>\$ (18,615,916)</u>	

Notes and Source:

A: Amount from Schedule B-6 Consolidated, Page 3 of 3 from FPUC's filing

B: Accumulated Amortization amount calculated below using information from Schedule B-6 Consolidated, page 3 of 3

Description	Amount	Monthly Amortization
4 Acquisition Adjustment Related to the Merger of FPUC with Chesapeake Utilities Corporation	\$ 34,192,493	
5 Amortization Period - Years	30	
6 Annual Amortization	\$ 1,139,750	
7 Amortization Period - Months	12	
8 Monthly Amortization Amount	<u>\$ 94,979</u>	
9 December 2021	\$ (13,866,952)	\$ 94,979
10 January 2022	\$ (13,961,932)	\$ 94,979
11 February 2022	\$ (14,056,911)	\$ 94,979
12 March 2022	\$ (14,151,890)	\$ 94,979
13 April 2022	\$ (14,246,869)	\$ 94,979
14 May 2022	\$ (14,341,848)	\$ 94,979
15 June 2022	\$ (14,436,827)	\$ 94,979
16 July 2022	\$ (14,531,806)	\$ 94,979
17 August 2022	\$ (14,626,786)	\$ 94,979
18 September 2022	\$ (14,721,765)	\$ 94,979
19 October 2022	\$ (14,816,744)	\$ 94,979
20 November 2022	\$ (14,911,723)	\$ 94,979
21 December 2022	\$ (15,006,702)	\$ 94,979
22 January 2023	\$ (15,101,681)	\$ 94,979
23 February 2023	\$ (15,196,661)	\$ 94,979
24 March 2023	\$ (15,291,640)	\$ 94,979
25 April 2023	\$ (15,386,619)	\$ 94,979
26 May 2023	\$ (15,481,598)	\$ 94,979
27 June 2023	\$ (15,576,577)	\$ 94,979
28 July 2023	\$ (15,671,556)	\$ 94,979
29 August 2023	\$ (15,766,535)	\$ 94,979
30 September 2023	\$ (15,861,515)	\$ 94,979
31 October 2023	\$ (15,956,494)	\$ 94,979
32 November 2023	\$ (16,051,473)	\$ 94,979
33 December 2023	\$ (16,146,452)	\$ 94,979
34 December 2022 through December 2023 Total	\$ (202,495,502)	
35 Divide by 13 Months		13
40 13-Month Average Accumulated Amortization Related to the Merger of FPUC with Chesapeake Utilities Corporation	<u>\$ (15,576,577)</u>	

Florida Public Utilities Company Consolidated Gas  
 Depreciation Expense - New Depreciation Rates

Docket No. 20220067-GU  
 Exhibit RCS-2  
 Schedule C-1  
 Page 1 of 5

Projected Test Year Ended December 31, 2023  
 (Thousands of Dollars)

Line No.	Description	Per FPUC (A)	Per OPC (B)	OPC Adjustment (C)	Reference
1	Depreciation Expense	\$ 14,561,213	\$ 12,356,395	\$ (2,204,818)	
2	Amortization Expense	\$ 2,474,840	\$ 2,474,840	\$ -	
3	Total Depreciation and Amortization Expense	\$ 17,036,053	\$ 14,831,235	\$ (2,204,818)	
4	Remove Portion of Vehicle Depreciation Capitalized	\$ (153,209)	\$ (153,209)	\$ -	
5	Expensed Depreciation and Amortization Expense	\$ 16,882,844	\$ 14,678,026	\$ (2,204,818)	
6	Common	\$ 760,866	\$ 760,866	\$ -	
7	Total Depreciation and Amortization Expense Including Common	\$ 17,643,710	\$ 15,438,892	\$ (2,204,818)	
8	Less FPUC Adjustments:				
9	Non-Utility Depreciation Expense	\$ (173,088)	\$ (173,088)	\$ -	
10	Area Extension Program Amortization	\$ (331,868)	\$ (331,868)	\$ -	
11	Flex Related Depreciation	\$ (55,790)	\$ (55,790)	\$ -	
12	Special Contract Depreciation	\$ (309,954)	\$ (309,954)	\$ -	
13	Environmental Amortization Included in the Rider	\$ (456,348)	\$ (456,348)	\$ -	
14	Total FPUC Adjustments to Depreciation Expense	\$ (1,327,048)	\$ (1,327,048)	\$ -	
15	Projected Test Year Depreciation Expense	\$ 16,316,662	\$ 14,111,844	\$ (2,204,818)	L7 + L14

Notes and Source

Col. A, lines 1-7 from Schedule G-2 Consolidated (page 23 of 31) from FPUC's filing  
 Col. A, lines 9-14 from Schedule G-2 Consolidated (page 2 of 31) from FPUC's filing  
 Col. B, line 1 sponsored by OPC witness David Garrett (see page 3)

Projected Test Year Ended December 31, 2023

Line No.	Account Number	Description	Beg. Balance												13 Month Average	
			Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23		Dec-23
			(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)
<b>Plant in Service</b>																
1	301	ORGANIZATION	\$ 23,328	\$ 23,328	\$ 23,328	\$ 23,328	\$ 23,328	\$ 23,328	\$ 23,328	\$ 23,328	\$ 23,328	\$ 23,328	\$ 23,328	\$ 23,328	\$ 23,328	\$ 23,328
2	302	FRANCHISES & CONSENTS	\$ 14,132	\$ 14,132	\$ 14,132	\$ 14,132	\$ 14,132	\$ 14,132	\$ 14,132	\$ 14,132	\$ 14,132	\$ 14,132	\$ 14,132	\$ 14,132	\$ 14,132	\$ 14,132
3	303	MISC INTAGIBLE PLANT	\$ 213,641	\$ 213,641	\$ 213,641	\$ 213,641	\$ 213,641	\$ 213,641	\$ 213,641	\$ 213,641	\$ 213,641	\$ 213,641	\$ 213,641	\$ 213,641	\$ 213,641	\$ 213,641
4	305	STRUCTURES & IMPROVEMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	374	LAND & LAND RIGHTS	\$ 410,208	\$ 410,208	\$ 410,208	\$ 410,208	\$ 410,208	\$ 410,208	\$ 410,208	\$ 410,208	\$ 410,208	\$ 410,208	\$ 410,208	\$ 410,208	\$ 410,208	\$ 410,208
6	375	STRUCTURES & IMPROVEMENTS	\$ 1,583,958	\$ 1,583,958	\$ 1,583,958	\$ 1,583,958	\$ 1,583,958	\$ 1,583,958	\$ 1,583,958	\$ 1,583,958	\$ 1,583,958	\$ 1,583,958	\$ 1,583,958	\$ 1,583,958	\$ 1,583,958	\$ 1,583,958
7	3761	MAINS - PLASTICS	\$ 124,731,730	\$ 124,941,149	\$ 125,202,519	\$ 125,515,836	\$ 125,985,000	\$ 126,454,166	\$ 126,923,331	\$ 127,444,446	\$ 127,965,560	\$ 130,379,969	\$ 130,901,083	\$ 131,371,134	\$ 134,356,101	\$ 127,859,387
8	3762	MAINS - STEEL	\$ 61,824,219	\$ 61,824,219	\$ 61,824,219	\$ 61,821,306	\$ 61,821,306	\$ 61,821,306	\$ 61,818,393	\$ 61,818,393	\$ 61,818,393	\$ 61,818,393	\$ 61,818,393	\$ 61,818,393	\$ 61,818,393	\$ 61,820,410
9	3766	MAINS - GRIP	\$ 146,892,673	\$ 146,892,673	\$ 146,892,673	\$ 146,892,673	\$ 146,892,673	\$ 146,892,673	\$ 146,892,673	\$ 146,892,673	\$ 146,892,673	\$ 146,892,673	\$ 146,892,673	\$ 146,892,673	\$ 146,892,673	\$ 146,892,673
10	378	MEAS & REG STATION EQUIP-GEN	\$ 6,904,633	\$ 6,962,444	\$ 7,039,525	\$ 7,135,877	\$ 7,290,040	\$ 7,444,203	\$ 7,598,365	\$ 7,771,798	\$ 7,945,231	\$ 8,118,664	\$ 8,292,097	\$ 8,446,260	\$ 8,831,667	\$ 7,675,447
11	379	MEAS & REG STATION EQUIP-GATE	\$ 14,066,853	\$ 14,066,853	\$ 14,066,853	\$ 14,066,853	\$ 14,066,853	\$ 14,066,853	\$ 14,066,853	\$ 14,066,853	\$ 14,066,853	\$ 14,066,853	\$ 14,066,853	\$ 14,066,853	\$ 14,766,853	\$ 14,120,699
12	3801	SERVICES - PLASTIC	\$ 69,790,554	\$ 69,894,086	\$ 70,031,535	\$ 70,202,899	\$ 70,476,008	\$ 70,749,118	\$ 71,022,228	\$ 71,329,252	\$ 71,636,276	\$ 71,943,301	\$ 72,250,325	\$ 72,523,435	\$ 73,203,528	\$ 71,157,888
13	3802	SERVICES - OTHER	\$ 1,323,717	\$ 1,323,717	\$ 1,323,717	\$ 1,323,717	\$ 1,323,717	\$ 1,323,717	\$ 1,323,717	\$ 1,323,717	\$ 1,323,717	\$ 1,323,717	\$ 1,323,717	\$ 1,323,717	\$ 1,323,717	\$ 1,323,717
14	380G	SERVICES - GRIP	\$ 48,993,831	\$ 48,993,831	\$ 48,993,831	\$ 48,993,831	\$ 48,993,831	\$ 48,993,831	\$ 48,993,831	\$ 48,993,831	\$ 48,993,831	\$ 48,993,831	\$ 48,993,831	\$ 48,993,831	\$ 48,993,831	\$ 48,993,831
15	381	METERS	\$ 23,268,058	\$ 23,296,889	\$ 23,335,269	\$ 23,383,199	\$ 23,459,777	\$ 23,536,356	\$ 23,612,934	\$ 23,699,063	\$ 23,785,191	\$ 23,871,320	\$ 23,957,449	\$ 24,034,027	\$ 24,225,203	\$ 23,651,133
16	3811	METERS - AMR EQUIPMENT	\$ 2,236,536	\$ 2,236,536	\$ 2,236,536	\$ 2,236,536	\$ 2,236,536	\$ 2,236,536	\$ 2,236,536	\$ 2,236,536	\$ 2,236,536	\$ 2,236,536	\$ 2,236,536	\$ 2,236,536	\$ 2,236,536	\$ 2,236,536
17	382	METER & REGULATOR INST.	\$ 18,239,923	\$ 18,250,873	\$ 18,263,990	\$ 18,279,275	\$ 18,301,063	\$ 18,322,851	\$ 18,344,638	\$ 18,368,594	\$ 18,392,549	\$ 18,416,505	\$ 18,440,460	\$ 18,462,248	\$ 18,510,047	\$ 18,353,309
18	3821	METER INSTALLATIONS - MTU/DCU	\$ 593,040	\$ 593,040	\$ 593,040	\$ 593,040	\$ 593,040	\$ 593,040	\$ 593,040	\$ 593,040	\$ 593,040	\$ 593,040	\$ 593,040	\$ 593,040	\$ 593,040	\$ 593,040
19	383	HOUSE REGULATORS	\$ 6,859,108	\$ 6,866,161	\$ 6,874,663	\$ 6,884,613	\$ 6,898,911	\$ 6,913,208	\$ 6,927,506	\$ 6,943,252	\$ 6,958,997	\$ 6,974,743	\$ 6,990,489	\$ 7,007,787	\$ 7,036,470	\$ 6,933,301
20	384	HOUSE REG-INST	\$ 1,081,399	\$ 1,082,616	\$ 1,084,073	\$ 1,085,771	\$ 1,088,192	\$ 1,093,613	\$ 1,099,034	\$ 1,095,696	\$ 1,098,357	\$ 1,101,019	\$ 1,103,681	\$ 1,106,102	\$ 1,111,413	\$ 1,093,997
21	385	IND MEAS & REG STAT EQUIP	\$ 2,535,303	\$ 2,535,303	\$ 2,535,303	\$ 2,535,303	\$ 2,535,303	\$ 2,535,303	\$ 2,535,303	\$ 2,535,303	\$ 2,535,303	\$ 2,535,303	\$ 2,535,303	\$ 2,535,303	\$ 2,535,303	\$ 2,535,303
22	387	OTHER EQUIPMENT	\$ 4,179,402	\$ 4,209,954	\$ 4,250,690	\$ 4,301,610	\$ 4,383,082	\$ 4,464,554	\$ 4,546,026	\$ 4,637,682	\$ 4,729,338	\$ 4,820,994	\$ 4,912,650	\$ 4,994,122	\$ 5,197,802	\$ 4,586,762
23	389	LAND & LAND RIGHTS	\$ 1,287,185	\$ 1,292,885	\$ 1,300,485	\$ 1,309,985	\$ 1,325,185	\$ 1,340,385	\$ 1,355,585	\$ 1,372,685	\$ 1,389,785	\$ 1,406,885	\$ 1,423,985	\$ 1,439,185	\$ 1,477,185	\$ 1,363,185
24	390	STRUCTURES & IMPROVEMENTS	\$ 6,207,060	\$ 6,207,060	\$ 6,207,060	\$ 6,207,060	\$ 6,207,060	\$ 6,207,060	\$ 6,207,060	\$ 6,207,060	\$ 6,207,060	\$ 6,207,060	\$ 6,207,060	\$ 6,207,060	\$ 6,207,060	\$ 6,207,060
25	3910	OFFICE FURN & EQUIPMENT	\$ 2,214,956	\$ 2,218,256	\$ 2,222,656	\$ 2,228,156	\$ 2,236,956	\$ 2,245,756	\$ 2,254,556	\$ 2,264,456	\$ 2,274,356	\$ 2,284,256	\$ 2,294,156	\$ 2,302,956	\$ 2,324,956	\$ 2,258,956
26	3911	COMPUTER AND PERIPHERY	\$ 143,044	\$ 146,051	\$ 150,061	\$ 155,074	\$ 163,094	\$ 171,114	\$ 179,134	\$ 188,156	\$ 197,179	\$ 206,201	\$ 215,224	\$ 223,244	\$ 243,294	\$ 183,144
27	3912	COMPUTER HARDWARE	\$ 118,964	\$ 118,964	\$ 118,964	\$ 118,964	\$ 118,964	\$ 118,964	\$ 118,964	\$ 118,964	\$ 118,964	\$ 118,964	\$ 118,964	\$ 118,964	\$ 80,636	\$ 116,016
28	3913	FURNITURE AND FIXTURES	\$ 292,256	\$ 292,256	\$ 292,256	\$ 292,256	\$ 292,256	\$ 292,256	\$ 292,256	\$ 292,256	\$ 292,256	\$ 292,256	\$ 292,256	\$ 292,256	\$ 292,256	\$ 292,256
29	3914	SYSTEM SOFTWARE	\$ 6,340,316	\$ 6,341,051	\$ 6,342,031	\$ 6,343,256	\$ 6,345,216	\$ 6,347,176	\$ 6,349,136	\$ 6,351,341	\$ 6,353,546	\$ 6,355,751	\$ 6,357,956	\$ 6,359,916	\$ 5,617,543	\$ 6,292,633
30	392	TRANSPORTATION EQUIPMENT	\$ 86,067	\$ 86,067	\$ 86,067	\$ 86,067	\$ 86,067	\$ 86,067	\$ 86,067	\$ 86,067	\$ 86,067	\$ 86,067	\$ 86,067	\$ 86,067	\$ 86,067	\$ 86,067
31	3921	AUTOS & TRUCKS (UP TO 1/2 TON)	\$ 312,079	\$ 312,079	\$ 312,079	\$ 312,079	\$ 312,079	\$ 312,079	\$ 312,079	\$ 312,079	\$ 312,079	\$ 312,079	\$ 312,079	\$ 312,079	\$ 312,079	\$ 312,079
32	3922	AUTOS & TRUCKS	\$ 5,536,400	\$ 5,536,400	\$ 5,536,400	\$ 5,536,400	\$ 5,536,400	\$ 5,536,400	\$ 5,536,400	\$ 5,536,400	\$ 5,536,400	\$ 5,536,400	\$ 5,536,400	\$ 5,536,400	\$ 5,536,400	\$ 5,536,400
33	3924	TRANSPORTATION - OTHER	\$ 79,064	\$ 79,064	\$ 79,064	\$ 79,064	\$ 79,064	\$ 79,064	\$ 79,064	\$ 79,064	\$ 79,064	\$ 79,064	\$ 79,064	\$ 79,064	\$ 79,064	\$ 79,064
34	393	STORES EQUIP	\$ 29,458	\$ 29,458	\$ 29,458	\$ 29,458	\$ 29,458	\$ 29,458	\$ 29,458	\$ 29,458	\$ 29,458	\$ 29,458	\$ 29,458	\$ 29,458	\$ 29,458	\$ 29,458
35	394	TOOLS, SHOP, GARAGE EQUIP	\$ 1,357,072	\$ 1,365,003	\$ 1,375,577	\$ 1,388,794	\$ 1,409,941	\$ 1,431,089	\$ 1,452,237	\$ 1,476,028	\$ 1,499,819	\$ 1,523,610	\$ 1,547,401	\$ 1,568,548	\$ 1,607,833	\$ 1,461,766
36	396	POWER OPERATED EQUIPMENT	\$ 1,499,353	\$ 1,507,686	\$ 1,516,020	\$ 1,524,353	\$ 1,532,686	\$ 1,541,020	\$ 1,549,353	\$ 1,557,686	\$ 1,566,020	\$ 1,574,353	\$ 1,582,686	\$ 1,591,019	\$ 1,599,353	\$ 1,549,353
37	397	COMMUNICATION EQUIPMENT	\$ 1,702,524	\$ 1,702,524	\$ 1,702,524	\$ 1,702,524	\$ 1,702,524	\$ 1,702,524	\$ 1,702,524	\$ 1,702,524	\$ 1,702,524	\$ 1,702,524	\$ 1,702,524	\$ 1,702,524	\$ 1,690,471	\$ 1,701,597
38	398	MISC EQUIP	\$ 319,506	\$ 319,513	\$ 319,523	\$ 319,536	\$ 319,556	\$ 319,576	\$ 319,596	\$ 319,618	\$ 319,641	\$ 319,663	\$ 319,686	\$ 319,706	\$ 214,343	\$ 311,497
39		Total Plant in Service	\$ 563,291,549	\$ 563,769,927	\$ 564,383,927	\$ 565,130,630	\$ 566,287,105	\$ 567,443,581	\$ 568,597,142	\$ 570,537,368	\$ 571,829,462	\$ 575,014,850	\$ 576,306,943	\$ 577,644,304	\$ 581,923,973	\$ 570,152,366

Notes and Source  
 The amounts above are from Schedule G-1 Consolidated (page 10 of 28) from FPUC's filing

Projected Test Year Ended December 31, 2023

Line No.	Account Number	Description	Proposed Depreciation Rates Per FPUC	Proposed Depreciation Rates												Total Depreciation Expense (M)								
				Jan-23 (A)	Feb-23 (B)	Mar-23 (C)	Apr-23 (D)	May-23 (E)	Jun-23 (F)	Jul-23 (G)	Aug-23 (H)	Sep-23 (I)	Oct-23 (J)	Nov-23 (K)	Dec-23 (L)									
1	301	ORGANIZATION	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	FRANCHISES & CONSENTS	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	303	MISC INTANGIBLE PLANT	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	305	STRUCTURES & IMPROVEMENTS	2.50%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	374	LAND & LAND RIGHTS	5.50%	\$ 1,880	\$ 1,880	\$ 1,880	\$ 1,880	\$ 1,880	\$ 1,880	\$ 1,880	\$ 1,880	\$ 1,880	\$ 1,880	\$ 1,880	\$ 1,880	\$ 1,880	\$ 1,880	\$ 1,880	\$ 1,880	\$ 1,880	\$ 1,880	\$ 1,880	\$ 22,561	
6	375	STRUCTURES & IMPROVEMENTS	2.50%	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ 3,300	\$ 39,599	
7	3761	MAINS - PLASTICS	2.10%	\$ 218,281	\$ 218,647	\$ 219,104	\$ 219,653	\$ 220,474	\$ 221,295	\$ 222,116	\$ 223,028	\$ 223,940	\$ 224,852	\$ 225,764	\$ 226,676	\$ 227,588	\$ 228,500	\$ 229,412	\$ 230,324	\$ 231,236	\$ 232,148	\$ 233,060	\$ 233,972	\$ 2,673,678
8	3762	MAINS - STEEL	2.20%	\$ 113,344	\$ 113,344	\$ 113,344	\$ 113,339	\$ 113,339	\$ 113,339	\$ 113,334	\$ 113,334	\$ 113,334	\$ 113,334	\$ 113,334	\$ 113,334	\$ 113,334	\$ 113,334	\$ 113,334	\$ 113,334	\$ 113,334	\$ 113,334	\$ 113,334	\$ 113,334	\$ 1,360,053
9	376G	MAINS - GRIP	2.10%	\$ 257,062	\$ 257,062	\$ 257,062	\$ 257,062	\$ 257,062	\$ 257,062	\$ 257,062	\$ 257,062	\$ 257,062	\$ 257,062	\$ 257,062	\$ 257,062	\$ 257,062	\$ 257,062	\$ 257,062	\$ 257,062	\$ 257,062	\$ 257,062	\$ 257,062	\$ 257,062	\$ 3,084,746
10	378	MEAS & REG STATION EQUIP-GEN	3.50%	\$ 20,139	\$ 20,307	\$ 20,532	\$ 20,813	\$ 21,263	\$ 21,712	\$ 22,162	\$ 22,668	\$ 23,174	\$ 23,679	\$ 24,185	\$ 24,691	\$ 25,197	\$ 25,703	\$ 26,209	\$ 26,715	\$ 27,221	\$ 27,727	\$ 28,233	\$ 28,739	\$ 265,268
11	379	MEAS & REG STATION EQUIP-GATE	3.10%	\$ 36,339	\$ 36,339	\$ 36,339	\$ 36,339	\$ 36,339	\$ 36,339	\$ 36,339	\$ 36,339	\$ 36,339	\$ 36,339	\$ 36,339	\$ 36,339	\$ 36,339	\$ 36,339	\$ 36,339	\$ 36,339	\$ 36,339	\$ 36,339	\$ 36,339	\$ 36,339	\$ 436,072
12	3801	SERVICES - PLASTIC	2.20%	\$ 127,949	\$ 128,139	\$ 128,391	\$ 128,705	\$ 129,206	\$ 129,707	\$ 130,207	\$ 130,707	\$ 131,207	\$ 131,707	\$ 132,207	\$ 132,707	\$ 133,207	\$ 133,707	\$ 134,207	\$ 134,707	\$ 135,207	\$ 135,707	\$ 136,207	\$ 136,707	\$ 1,561,723
13	3802	SERVICES - OTHER	9.20%	\$ 10,148	\$ 10,148	\$ 10,148	\$ 10,148	\$ 10,148	\$ 10,148	\$ 10,148	\$ 10,148	\$ 10,148	\$ 10,148	\$ 10,148	\$ 10,148	\$ 10,148	\$ 10,148	\$ 10,148	\$ 10,148	\$ 10,148	\$ 10,148	\$ 10,148	\$ 10,148	\$ 121,782
14	380G	SERVICES - GRIP	2.20%	\$ 89,822	\$ 89,822	\$ 89,822	\$ 89,822	\$ 89,822	\$ 89,822	\$ 89,822	\$ 89,822	\$ 89,822	\$ 89,822	\$ 89,822	\$ 89,822	\$ 89,822	\$ 89,822	\$ 89,822	\$ 89,822	\$ 89,822	\$ 89,822	\$ 89,822	\$ 89,822	\$ 1,077,864
15	381	METERS	3.60%	\$ 69,804	\$ 69,891	\$ 70,006	\$ 70,150	\$ 70,379	\$ 70,609	\$ 70,839	\$ 71,097	\$ 71,356	\$ 71,614	\$ 71,872	\$ 72,130	\$ 72,388	\$ 72,646	\$ 72,904	\$ 73,162	\$ 73,420	\$ 73,678	\$ 73,936	\$ 74,194	\$ 849,719
16	3811	METERS - AMR EQUIPMENT	4.30%	\$ 8,014	\$ 8,014	\$ 8,014	\$ 8,014	\$ 8,014	\$ 8,014	\$ 8,014	\$ 8,014	\$ 8,014	\$ 8,014	\$ 8,014	\$ 8,014	\$ 8,014	\$ 8,014	\$ 8,014	\$ 8,014	\$ 8,014	\$ 8,014	\$ 8,014	\$ 8,014	\$ 96,171
17	382	METER & REGULATOR INST.	3.20%	\$ 48,640	\$ 48,669	\$ 48,704	\$ 48,745	\$ 48,803	\$ 48,867	\$ 48,937	\$ 49,013	\$ 49,094	\$ 49,181	\$ 49,273	\$ 49,370	\$ 49,473	\$ 49,581	\$ 49,694	\$ 49,813	\$ 49,937	\$ 50,066	\$ 50,199	\$ 50,337	\$ 586,888
18	3821	METER INSTALLATIONS - MTU/DCU	2.60%	\$ 1,285	\$ 1,285	\$ 1,285	\$ 1,285	\$ 1,285	\$ 1,285	\$ 1,285	\$ 1,285	\$ 1,285	\$ 1,285	\$ 1,285	\$ 1,285	\$ 1,285	\$ 1,285	\$ 1,285	\$ 1,285	\$ 1,285	\$ 1,285	\$ 1,285	\$ 1,285	\$ 15,419
19	383	HOUSE REGULATORS	3.30%	\$ 18,863	\$ 18,882	\$ 18,905	\$ 18,933	\$ 18,972	\$ 19,011	\$ 19,051	\$ 19,094	\$ 19,137	\$ 19,181	\$ 19,224	\$ 19,267	\$ 19,311	\$ 19,354	\$ 19,397	\$ 19,440	\$ 19,483	\$ 19,526	\$ 19,569	\$ 19,612	\$ 228,515
20	384	HOUSE REG-INST	2.70%	\$ 2,433	\$ 2,436	\$ 2,439	\$ 2,443	\$ 2,448	\$ 2,454	\$ 2,459	\$ 2,465	\$ 2,471	\$ 2,477	\$ 2,483	\$ 2,489	\$ 2,495	\$ 2,501	\$ 2,507	\$ 2,513	\$ 2,519	\$ 2,525	\$ 2,531	\$ 2,537	\$ 29,499
21	385	IND MEAS & REG STAT EQUIP	2.30%	\$ 4,859	\$ 4,859	\$ 4,859	\$ 4,859	\$ 4,859	\$ 4,859	\$ 4,859	\$ 4,859	\$ 4,859	\$ 4,859	\$ 4,859	\$ 4,859	\$ 4,859	\$ 4,859	\$ 4,859	\$ 4,859	\$ 4,859	\$ 4,859	\$ 4,859	\$ 4,859	\$ 58,312
22	387	OTHER EQUIPMENT	4.00%	\$ 13,931	\$ 14,033	\$ 14,169	\$ 14,339	\$ 14,610	\$ 14,882	\$ 15,153	\$ 15,459	\$ 15,764	\$ 16,070	\$ 16,376	\$ 16,682	\$ 16,988	\$ 17,294	\$ 17,600	\$ 17,906	\$ 18,212	\$ 18,518	\$ 18,824	\$ 19,130	\$ 181,434
23	389	LAND & LAND RIGHTS	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	390	STRUCTURES & IMPROVEMENTS	2.30%	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 142,762
25	3910	OFFICE FURN & EQUIPMENT	7.14%	\$ 13,184	\$ 13,204	\$ 13,230	\$ 13,263	\$ 13,315	\$ 13,368	\$ 13,420	\$ 13,472	\$ 13,524	\$ 13,576	\$ 13,628	\$ 13,680	\$ 13,732	\$ 13,784	\$ 13,836	\$ 13,888	\$ 13,940	\$ 13,992	\$ 14,044	\$ 14,096	\$ 160,961
26	3911	COMPUTER AND PERIPHERY	10.00%	\$ 1,192	\$ 1,217	\$ 1,251	\$ 1,292	\$ 1,359	\$ 1,426	\$ 1,493	\$ 1,568	\$ 1,643	\$ 1,718	\$ 1,793	\$ 1,868	\$ 1,943	\$ 2,018	\$ 2,093	\$ 2,168	\$ 2,243	\$ 2,318	\$ 2,393	\$ 2,468	\$ 17,813
27	3912	COMPUTER HARDWARE	10.00%	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 11,896
28	3913	FURNITURE AND FIXTURES	5.00%	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 14,613
29	3914	SYSTEM SOFTWARE	10.00%	\$ 52,836	\$ 52,842	\$ 52,850	\$ 52,860	\$ 52,877	\$ 52,893	\$ 52,909	\$ 52,928	\$ 52,946	\$ 52,965	\$ 52,983	\$ 52,999	\$ 53,017	\$ 53,035	\$ 53,053	\$ 53,071	\$ 53,089	\$ 53,107	\$ 53,125	\$ 53,143	\$ 634,889
30	392	TRANSPORTATION EQUIPMENT	8.40%	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 7,230
31	3921	AUTOS & TRUCKS (UP TO 1/2 TON)	17.40%	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 71,267
32	3922	AUTOS & TRUCKS	8.40%	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 479,552
33	3924	TRANSPORTATION - OTHER	5.80%	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 4,586
34	393	STORES EQUIP	3.85%	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 1,133
35	394	TOOLS, SHOP, GARAGE EQUIP	6.67%	\$ 7,539	\$ 7,583	\$ 7,642	\$ 7,716	\$ 7,833	\$ 7,950	\$ 8,068	\$ 8,200	\$ 8,332	\$ 8,464	\$ 8,597	\$ 8,714	\$ 8,831	\$ 8,948	\$ 9,065	\$ 9,182	\$ 9,299	\$ 9,416	\$ 9,533	\$ 9,650	\$ 96,640
36	396	POWER OPERATED EQUIPMENT	5.10%	\$ 6,372	\$ 6,408	\$ 6,443	\$ 6,478	\$ 6,514	\$ 6,549	\$ 6,585	\$ 6,620	\$ 6,656	\$ 6,691	\$ 6,726	\$ 6,762	\$ 6,797	\$ 6,833	\$ 6,868	\$ 6,904	\$ 6,939	\$ 6,975	\$ 7,010	\$ 7,046	\$ 78,804
37	397	COMMUNICATION EQUIPMENT	7.69%	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 130,963
38	398	MISC EQUIP	5.88%	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 18,800
39		Total Depreciation Expense		\$ 1,198,163	\$ 1,199,258	\$ 1,200,667	\$ 1,202,384	\$ 1,205,048	\$ 1,207,712	\$ 1,210,371	\$ 1,212,994	\$ 1,215,641	\$ 1,218,291	\$ 1,220,944	\$ 1,223,600	\$ 1,226,259	\$ 1,228,920	\$ 1,231,584	\$ 1,234,251	\$ 1,236,921	\$ 1,239,594	\$ 1,242,270	\$ 1,244,949	\$ 14,561,213
40		Amortization Expense		\$ 202,956	\$ 203,739	\$ 204,441	\$ 205,805	\$ 206,299	\$ 208,647	\$ 209,248	\$ 209,515	\$ 208,805	\$ 207,264	\$ 208,435	\$ 209,686	\$ 210,937	\$ 212,188	\$ 213,439	\$ 214,690	\$ 215,941	\$ 217,192	\$ 218,443	\$ 219,694	\$ 2,474,840
41		Total Depreciation & Amortization Expense		\$ 1,401,119	\$ 1,402,997	\$ 1,405,108	\$ 1,408,189	\$ 1,411,347	\$ 1,416,359	\$ 1,419,619	\$ 1,423,156	\$ 1,427,424	\$ 1,431,774	\$ 1,436,174	\$ 1,440,620	\$ 1,445,117	\$ 1,449,659	\$ 1,454,251	\$ 1,458,895	\$ 1,463,539	\$ 1,468,183	\$ 1,472,827	\$ 1,477,471	\$ 17,036,053
42		Remove Portion of Vehicle Depreciation Capitalized		\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (153,209)
43		Total Expensed Depreciation & Amortization Expense		\$ 1,389,088	\$ 1,390,966	\$ 1,393,077	\$ 1,396,158	\$ 1,399,316	\$ 1,404,328	\$ 1,407,588	\$ 1,410,847	\$ 1,414,393	\$ 1,418,743	\$ 1,423,143	\$ 1,427,543	\$ 1,431,943	\$ 1,436,343	\$ 1,440,743	\$ 1,445,143	\$ 1,449,543	\$ 1,453,943	\$ 1,458,343	\$ 1,462,743	\$ 16,882,844
44		Common		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 760,866
45		Total Expensed Depreciation Expense Including Common per FPUC																						

Projected Test Year Ended December 31, 2023

Line No.	Account Number	Description	Proposed Depreciation Rates Per OPC	Proposed Depreciation Rates												Total Depreciation Expense		
				Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23			
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)					
1	301	ORGANIZATION	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	FRANCHISES & CONSENTS	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	303	MISC INTANGIBLE PLANT	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	305	STRUCTURES & IMPROVEMENTS	2.50%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	374	LAND & LAND RIGHTS	1.20%	\$ 410	\$ 410	\$ 410	\$ 410	\$ 410	\$ 410	\$ 410	\$ 410	\$ 410	\$ 410	\$ 410	\$ 410	\$ 410	\$ 410	\$ 4,922
6	375	STRUCTURES & IMPROVEMENTS	2.80%	\$ 3,696	\$ 3,696	\$ 3,696	\$ 3,696	\$ 3,696	\$ 3,696	\$ 3,696	\$ 3,696	\$ 3,696	\$ 3,696	\$ 3,696	\$ 3,696	\$ 3,696	\$ 3,696	\$ 44,351
7	3761	MAINS - PLASTICS	1.50%	\$ 155,915	\$ 156,176	\$ 156,503	\$ 156,895	\$ 157,481	\$ 158,068	\$ 158,654	\$ 159,240	\$ 159,826	\$ 160,412	\$ 161,000	\$ 161,588	\$ 162,176	\$ 162,764	\$ 1,909,770
8	3762	MAINS - STEEL	1.70%	\$ 87,584	\$ 87,584	\$ 87,584	\$ 87,584	\$ 87,584	\$ 87,584	\$ 87,584	\$ 87,584	\$ 87,584	\$ 87,584	\$ 87,584	\$ 87,584	\$ 87,584	\$ 87,584	\$ 1,050,950
9	376G	MAINS - GRIP	1.70%	\$ 208,098	\$ 208,098	\$ 208,098	\$ 208,098	\$ 208,098	\$ 208,098	\$ 208,098	\$ 208,098	\$ 208,098	\$ 208,098	\$ 208,098	\$ 208,098	\$ 208,098	\$ 208,098	\$ 2,497,175
10	378	MEAS & REG STATION EQUIP-GEN	2.30%	\$ 13,234	\$ 13,345	\$ 13,456	\$ 13,567	\$ 13,678	\$ 13,789	\$ 13,900	\$ 14,011	\$ 14,122	\$ 14,233	\$ 14,344	\$ 14,455	\$ 14,566	\$ 14,677	\$ 174,319
11	379	MEAS & REG STATION EQUIP-GATE	1.90%	\$ 22,273	\$ 22,273	\$ 22,273	\$ 22,273	\$ 22,273	\$ 22,273	\$ 22,273	\$ 22,273	\$ 22,273	\$ 22,273	\$ 22,273	\$ 22,273	\$ 22,273	\$ 22,273	\$ 267,270
12	3801	SERVICES - PLASTIC	2.20%	\$ 127,949	\$ 128,139	\$ 128,329	\$ 128,519	\$ 128,709	\$ 128,899	\$ 129,089	\$ 129,279	\$ 129,469	\$ 129,659	\$ 129,849	\$ 130,039	\$ 130,229	\$ 130,419	\$ 1,561,723
13	3802	SERVICES - OTHER	3.60%	\$ 3,971	\$ 3,971	\$ 3,971	\$ 3,971	\$ 3,971	\$ 3,971	\$ 3,971	\$ 3,971	\$ 3,971	\$ 3,971	\$ 3,971	\$ 3,971	\$ 3,971	\$ 3,971	\$ 47,654
14	380G	SERVICES - GRIP	2.50%	\$ 102,070	\$ 102,070	\$ 102,070	\$ 102,070	\$ 102,070	\$ 102,070	\$ 102,070	\$ 102,070	\$ 102,070	\$ 102,070	\$ 102,070	\$ 102,070	\$ 102,070	\$ 102,070	\$ 1,224,846
15	381	METERS	3.40%	\$ 65,926	\$ 66,008	\$ 66,117	\$ 66,252	\$ 66,469	\$ 66,686	\$ 66,903	\$ 67,147	\$ 67,391	\$ 67,635	\$ 67,879	\$ 68,123	\$ 68,367	\$ 68,611	\$ 802,512
16	3811	METERS - AMR EQUIPMENT	2.30%	\$ 4,287	\$ 4,287	\$ 4,287	\$ 4,287	\$ 4,287	\$ 4,287	\$ 4,287	\$ 4,287	\$ 4,287	\$ 4,287	\$ 4,287	\$ 4,287	\$ 4,287	\$ 4,287	\$ 51,440
17	382	METER & REGULATOR INST.	2.60%	\$ 39,520	\$ 39,544	\$ 39,572	\$ 39,605	\$ 39,642	\$ 39,684	\$ 39,730	\$ 39,780	\$ 39,834	\$ 39,892	\$ 39,954	\$ 40,020	\$ 40,090	\$ 40,164	\$ 476,846
18	3821	METER INSTALLATIONS - MTU/DCU	2.20%	\$ 1,087	\$ 1,087	\$ 1,087	\$ 1,087	\$ 1,087	\$ 1,087	\$ 1,087	\$ 1,087	\$ 1,087	\$ 1,087	\$ 1,087	\$ 1,087	\$ 1,087	\$ 1,087	\$ 13,047
19	383	HOUSE REGULATORS	2.00%	\$ 11,432	\$ 11,444	\$ 11,458	\$ 11,474	\$ 11,491	\$ 11,512	\$ 11,536	\$ 11,562	\$ 11,590	\$ 11,620	\$ 11,652	\$ 11,686	\$ 11,722	\$ 11,760	\$ 138,494
20	384	HOUSE REG-INST	2.50%	\$ 2,253	\$ 2,255	\$ 2,258	\$ 2,262	\$ 2,267	\$ 2,272	\$ 2,277	\$ 2,283	\$ 2,288	\$ 2,294	\$ 2,299	\$ 2,304	\$ 2,309	\$ 2,314	\$ 27,314
21	385	IND MEAS & REG STAT EQUIP	2.20%	\$ 4,648	\$ 4,648	\$ 4,648	\$ 4,648	\$ 4,648	\$ 4,648	\$ 4,648	\$ 4,648	\$ 4,648	\$ 4,648	\$ 4,648	\$ 4,648	\$ 4,648	\$ 4,648	\$ 55,777
22	387	OTHER EQUIPMENT	3.00%	\$ 10,449	\$ 10,525	\$ 10,627	\$ 10,754	\$ 10,958	\$ 11,161	\$ 11,365	\$ 11,594	\$ 11,823	\$ 12,052	\$ 12,282	\$ 12,512	\$ 12,742	\$ 12,972	\$ 136,075
23	389	LAND & LAND RIGHTS	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	390	STRUCTURES & IMPROVEMENTS	2.30%	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 11,897	\$ 142,762
25	3910	OFFICE FURN & EQUIPMENT	7.14%	\$ 13,184	\$ 13,204	\$ 13,230	\$ 13,263	\$ 13,315	\$ 13,368	\$ 13,420	\$ 13,472	\$ 13,524	\$ 13,576	\$ 13,628	\$ 13,680	\$ 13,732	\$ 13,784	\$ 160,961
26	3911	COMPUTER AND PERIPHERY	10.00%	\$ 1,192	\$ 1,217	\$ 1,251	\$ 1,292	\$ 1,339	\$ 1,392	\$ 1,450	\$ 1,514	\$ 1,584	\$ 1,660	\$ 1,742	\$ 1,830	\$ 1,924	\$ 2,024	\$ 17,813
27	3912	COMPUTER HARDWARE	10.00%	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 991	\$ 11,896
28	3913	FURNITURE AND FIXTURES	5.00%	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 1,218	\$ 14,613
29	3914	SYSTEM SOFTWARE	10.00%	\$ 52,836	\$ 52,842	\$ 52,850	\$ 52,860	\$ 52,872	\$ 52,888	\$ 52,909	\$ 52,934	\$ 52,962	\$ 52,994	\$ 53,030	\$ 53,066	\$ 53,102	\$ 53,138	\$ 634,889
30	392	TRANSPORTATION EQUIPMENT	8.40%	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 602	\$ 7,230
31	3921	AUTOS & TRUCKS (UP TO 1/2 TON)	17.40%	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 4,525	\$ 71,267
32	3922	AUTOS & TRUCKS	8.40%	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 38,755	\$ 479,552
33	3924	TRANSPORTATION - OTHER	5.80%	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 382	\$ 4,586	
34	393	STORES EQUIP	3.85%	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 94	\$ 1,133	
35	394	TOOLS, SHOP, GARAGE EQUIP	6.67%	\$ 7,539	\$ 7,583	\$ 7,642	\$ 7,716	\$ 7,833	\$ 7,950	\$ 8,068	\$ 8,200	\$ 8,332	\$ 8,464	\$ 8,597	\$ 8,714	\$ 8,814	\$ 8,914	\$ 96,640
36	396	POWER OPERATED EQUIPMENT	5.10%	\$ 6,372	\$ 6,408	\$ 6,443	\$ 6,478	\$ 6,514	\$ 6,549	\$ 6,585	\$ 6,620	\$ 6,656	\$ 6,691	\$ 6,726	\$ 6,762	\$ 6,798	\$ 6,834	\$ 78,804
37	397	COMMUNICATION EQUIPMENT	7.69%	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 10,914	\$ 130,963
38	398	MISC EQUIP	5.88%	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 1,566	\$ 18,800
39		Total Depreciation Expense		\$ 1,016,870	\$ 1,017,759	\$ 1,018,904	\$ 1,020,300	\$ 1,022,468	\$ 1,024,636	\$ 1,026,800	\$ 1,035,515	\$ 1,037,939	\$ 1,042,729	\$ 1,045,153	\$ 1,047,322	\$ 1,049,391	\$ 1,051,460	\$ 12,356,395
40		Amortization Expense		\$ 202,956	\$ 203,739	\$ 204,441	\$ 205,805	\$ 206,299	\$ 208,647	\$ 209,248	\$ 203,515	\$ 204,805	\$ 207,264	\$ 208,435	\$ 209,686	\$ 210,937	\$ 212,188	\$ 2,474,840
41		Total Depreciation & Amortization Expense		\$ 1,219,826	\$ 1,221,498	\$ 1,223,345	\$ 1,226,105	\$ 1,228,767	\$ 1,233,283	\$ 1,236,048	\$ 1,239,030	\$ 1,242,744	\$ 1,249,993	\$ 1,253,588	\$ 1,257,008	\$ 1,260,309	\$ 1,263,648	\$ 14,831,235
42		Remove Portion of Vehicle Depreciation Capitalized		\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (12,031)	\$ (153,209)
43		Total Expensed Depreciation & Amortization Expense		\$ 1,207,795	\$ 1,209,467	\$ 1,211,314	\$ 1,214,074	\$ 1,216,736	\$ 1,221,252	\$ 1,224,017	\$ 1,227,000	\$ 1,229,946	\$ 1,236,195	\$ 1,239,790	\$ 1,245,277	\$ 1,251,277	\$ 1,257,617	\$ 14,678,026
44		Common															\$ 760,866	
45		Total Expensed Depreciation Expense Including Common Per OPC															\$ 15,438,892	

Notes and Source  
 The Depreciation Rates in Column A above are sponsored by OPC witness David Garrett



Line No.	Account Number	Description	Monthly Depreciation Expense												Adjustment to Depreciation Expense		
			Jan-23 (A)	Feb-23 (B)	Mar-23 (C)	Apr-23 (D)	May-23 (E)	Jun-23 (F)	Jul-23 (G)	Aug-23 (H)	Sep-23 (I)	Oct-23 (J)	Nov-23 (K)	Dec-23 (L)		(M)	
1	301	ORGANIZATION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	FRANCHISES & CONSENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	303	MISC INTAGIBLE PLANT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	305	STRUCTURES & IMPROVEMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	374	LAND & LAND RIGHTS	\$ (1,470)	\$ (1,470)	\$ (1,470)	\$ (1,470)	\$ (1,470)	\$ (1,470)	\$ (1,470)	\$ (1,470)	\$ (1,470)	\$ (1,470)	\$ (1,470)	\$ (1,470)	\$ (1,470)	\$ (1,470)	\$ (17,639)
6	375	STRUCTURES & IMPROVEMENTS	\$ 396	\$ 396	\$ 396	\$ 396	\$ 396	\$ 396	\$ 396	\$ 396	\$ 396	\$ 396	\$ 396	\$ 396	\$ 396	\$ 396	\$ 4,752
7	3761	MAINS - PLASTICS	\$ (62,366)	\$ (62,471)	\$ (62,601)	\$ (62,758)	\$ (62,993)	\$ (63,227)	\$ (63,462)	\$ (63,722)	\$ (63,983)	\$ (64,243)	\$ (64,504)	\$ (64,765)	\$ (65,026)	\$ (65,287)	\$ (763,908)
8	3762	MAINS - STEEL	\$ (25,760)	\$ (25,760)	\$ (25,760)	\$ (25,759)	\$ (25,759)	\$ (25,759)	\$ (25,758)	\$ (25,758)	\$ (25,758)	\$ (25,758)	\$ (25,758)	\$ (25,758)	\$ (25,758)	\$ (25,758)	\$ (309,103)
9	376G	MAINS - GRIP	\$ (48,964)	\$ (48,964)	\$ (48,964)	\$ (48,964)	\$ (48,964)	\$ (48,964)	\$ (48,964)	\$ (48,964)	\$ (48,964)	\$ (48,964)	\$ (48,964)	\$ (48,964)	\$ (48,964)	\$ (48,964)	\$ (587,571)
10	378	MEAS & REG STATION EQUIP-GEN	\$ (6,905)	\$ (6,962)	\$ (7,040)	\$ (7,136)	\$ (7,290)	\$ (7,444)	\$ (7,598)	\$ (7,772)	\$ (7,945)	\$ (8,119)	\$ (8,292)	\$ (8,466)	\$ (8,640)	\$ (8,814)	\$ (90,949)
11	379	MEAS & REG STATION EQUIP-GATE	\$ (14,067)	\$ (14,067)	\$ (14,067)	\$ (14,067)	\$ (14,067)	\$ (14,067)	\$ (14,067)	\$ (14,067)	\$ (14,067)	\$ (14,067)	\$ (14,067)	\$ (14,067)	\$ (14,067)	\$ (14,067)	\$ (168,802)
12	3801	SERVICES - PLASTIC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	3802	SERVICES - OTHER	\$ (6,177)	\$ (6,177)	\$ (6,177)	\$ (6,177)	\$ (6,177)	\$ (6,177)	\$ (6,177)	\$ (6,177)	\$ (6,177)	\$ (6,177)	\$ (6,177)	\$ (6,177)	\$ (6,177)	\$ (6,177)	\$ (74,128)
14	380G	SERVICES - GRIP	\$ 12,248	\$ 12,248	\$ 12,248	\$ 12,248	\$ 12,248	\$ 12,248	\$ 12,248	\$ 12,248	\$ 12,248	\$ 12,248	\$ 12,248	\$ 12,248	\$ 12,248	\$ 12,248	\$ 146,981
15	381	METERS	\$ (3,878)	\$ (3,883)	\$ (3,889)	\$ (3,897)	\$ (3,910)	\$ (3,923)	\$ (3,935)	\$ (3,950)	\$ (3,964)	\$ (3,979)	\$ (3,993)	\$ (4,008)	\$ (4,023)	\$ (4,038)	\$ (47,207)
16	3811	METERS - AMR EQUIPMENT	\$ (3,728)	\$ (3,728)	\$ (3,728)	\$ (3,728)	\$ (3,728)	\$ (3,728)	\$ (3,728)	\$ (3,728)	\$ (3,728)	\$ (3,728)	\$ (3,728)	\$ (3,728)	\$ (3,728)	\$ (3,728)	\$ (44,731)
17	382	METER & REGULATOR INST.	\$ (9,120)	\$ (9,125)	\$ (9,132)	\$ (9,140)	\$ (9,151)	\$ (9,161)	\$ (9,172)	\$ (9,184)	\$ (9,196)	\$ (9,208)	\$ (9,220)	\$ (9,231)	\$ (9,243)	\$ (9,255)	\$ (110,041)
18	3821	METER INSTALLATIONS - MTU/DCU	\$ (198)	\$ (198)	\$ (198)	\$ (198)	\$ (198)	\$ (198)	\$ (198)	\$ (198)	\$ (198)	\$ (198)	\$ (198)	\$ (198)	\$ (198)	\$ (198)	\$ (2,372)
19	383	HOUSE REGULATORS	\$ (7,431)	\$ (7,438)	\$ (7,448)	\$ (7,458)	\$ (7,474)	\$ (7,489)	\$ (7,505)	\$ (7,522)	\$ (7,539)	\$ (7,556)	\$ (7,573)	\$ (7,589)	\$ (7,606)	\$ (7,623)	\$ (90,021)
20	384	HOUSE REG-INST	\$ (180)	\$ (180)	\$ (181)	\$ (181)	\$ (181)	\$ (182)	\$ (182)	\$ (183)	\$ (183)	\$ (184)	\$ (184)	\$ (184)	\$ (184)	\$ (184)	\$ (2,185)
21	385	IND MEAS & REG STAT EQUIP	\$ (211)	\$ (211)	\$ (211)	\$ (211)	\$ (211)	\$ (211)	\$ (211)	\$ (211)	\$ (211)	\$ (211)	\$ (211)	\$ (211)	\$ (211)	\$ (211)	\$ (2,535)
22	387	OTHER EQUIPMENT	\$ (3,483)	\$ (3,508)	\$ (3,542)	\$ (3,585)	\$ (3,653)	\$ (3,720)	\$ (3,788)	\$ (3,865)	\$ (3,941)	\$ (4,017)	\$ (4,094)	\$ (4,170)	\$ (4,247)	\$ (4,323)	\$ (45,358)
23	389	LAND & LAND RIGHTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	390	STRUCTURES & IMPROVEMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	3910	OFFICE FURN & EQUIPMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26	3911	COMPUTER AND PERIPHERY	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27	3912	COMPUTER HARDWARE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28	3913	FURNITURE AND FIXTURES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
29	3914	SYSTEM SOFTWARE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30	392	TRANSPORTATION EQUIPMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
31	3921	AUTOS & TRUCKS (UP TO 1/2 TON)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
32	3922	AUTOS & TRUCKS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	3924	TRANSPORTATION - OTHER	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
34	393	STORES EQUIP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
35	394	TOOLS, SHOP, GARAGE EQUIP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
36	396	POWER OPERATED EQUIPMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
37	397	COMMUNICATION EQUIPMENT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
38	398	MISC EQUIP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
39		OPC Adjustment to Depreciation Expense	\$ (181,293)	\$ (181,499)	\$ (181,763)	\$ (182,084)	\$ (182,580)	\$ (183,076)	\$ (183,571)	\$ (184,125)	\$ (184,680)	\$ (185,235)	\$ (185,790)	\$ (186,345)	\$ (186,900)	\$ (187,455)	\$ (2,204,818)

Notes and Source  
 The amounts above reflect the differences between the amounts shown on pages 3 and 4

Florida Public Utilities Company Consolidated Gas  
Amortization Expense Related to FPUC Merger Acquisition Adjustment

Docket No. 20220067-GU  
Exhibit RCS-2  
Schedule C-2  
Page 1 of 1

Projected Test Year Ended December 31, 2023

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Amount</u> <u>(A)</u>	<u>Reference</u>
1	Remove Amortization Expense Related to FPUC Merger Acquisition Adjustment	<u>\$ (1,139,750)</u>	A

Notes and Source

A: Amount from Schedule G-2 FPUC, page 24 of 31 from FPUC's filing

Florida Public Utilities Company Consolidated Gas  
 Incentive Compensation Expense

Docket No. 20220067-GU  
 Exhibit RCS-2  
 Schedule C-3  
 Page 1 of 1

Projected Test Year Ended December 31, 2023  
 (Thousands of Dollars)

Line No.	Description	Amount (A)	Reference
1	OPC Adjustment to Incentive Compensation Expense	<u>\$ (1,090,101)</u>	A

Notes and Source:

A: Amount from the response to OPC ROG 42 and calculated below:

Description	Amount
2 Projected 2023 Incentive Compensation Expense Per FPUC	\$ 2,180,201
3 Disallowance Percentage*	50%
4 OPC Adjustment to Incentive Compensation Expense	<u>\$ (1,090,101)</u>

\* The 50% disallowance percentage was derived by combining the Earnings Per Share (25%) and Consolidated ROE (25%) categories from the Chesapeake Utilities Corporation 2021 Incentive Performance Plan that provided in response to OPC ROG 38.

Florida Public Utilities Company Consolidated Gas  
Stock-Based Compensation Expense

Projected Test Year Ended December 31, 2023

Docket No. 20220067-GU  
Exhibit RCS-2  
Schedule C-4  
Page 1 of 1

Line No.	Description	Amount (A)	Reference
1	Restricted Stock Units - FERC Account 870	\$ (1,405)	A
2	Restricted Stock Units - FERC Account 871	\$ (16,827)	A
3	Restricted Stock Units - FERC Account 885	\$ (128)	A
4	Restricted Stock Units - FERC Account 901	\$ (17,477)	A
5	Restricted Stock Units - FERC Account 920	\$ (1,170,560)	A
6	Restricted Stock Units - FERC Account 930	\$ (169,107)	B
7	Total Stock-Based Compensation	<u>\$ (1,375,505)</u>	

Notes and Source

A: Amounts from the response to OPC ROG 120

B: Stock-Based Compensation paid to the Board of Directors per the response to OPC ROG 43

Projected Test Year Ended December 31, 2023  
(Thousands of Dollars)

Line No.	Description	Amount (A)	Reference
1	OPC Adjustment to Incentive Compensation Expense	\$ (1,090,101)	Schedule C-3
2	OPC Adjustment to Remove Stock-Based Compensation Expense	<u>\$ (1,375,505)</u>	Schedule C-4
3	Total	<u><u>\$ (2,465,606)</u></u>	
4	OPC Adjustments to Incentive and Stock-Based Compensation Expense	\$ (2,465,606)	
5	FICA Social Security Rate	6.20%	Note A
6	Adjustment to FICA Social Security	<u>\$ (152,868)</u>	
7	Adjustment to Incentive and Stock-Based Compensation Expense	\$ (2,465,606)	
8	FICA Medicare Rate	1.45%	Note A
9	Adjustment to FICA Medicare	<u>\$ (35,751)</u>	
10	Total Adjustment to Payroll Tax Expense	<u><u>\$ (188,619)</u></u>	L6 + L9

Notes and Source

A: The 6.20% represents the Social Security portion (OASDI) and the 1.45% represents the Medicare portion of payroll tax rates

Florida Public Utilities Company Consolidated Gas  
Supplemental Executive Retirement Program (SERP) Expense

Docket No. 20220067-GU  
Exhibit RCS-2  
Schedule C-6  
Page 1 of 1

Projected Test Year Ended December 31, 2023

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Amount</u> (A)	<u>Reference</u>
1	OPC Adjustment to Remove SERP Expense	<u>\$ (1,762)</u>	A

Notes and Source

A: Amount from the response to OPC ROG 46

Florida Public Utilities Company Consolidated Gas  
 Directors and Officers Liability Insurance Expense

Projected Test Year Ended December 31, 2023

Docket No. 20220067-GU  
 Exhibit RCS-2  
 Schedule C-7  
 Page 1 of 1

Line No.	Description	Per FPUC (A)	Per OPC (B)	OPC Adjustment (C)
1	OPC Adjustment to Directors and Officers Liability Insurance	\$ 171,055	\$ 85,528	\$ (85,528)

Notes and Source

Col. A: Amount from FPUC's response to OPC ROG 61

Col. B: Disallowance Calculation:

Directors and Officers Liability Insurance - Per FPUC	\$ 171,055
Disallowance Percentage	50%
Directors and Officers Liability Insurance - Per OPC	\$ 85,528

Florida Public Utilities Company Consolidated Gas  
Rent Expense

Docket No. 20220067-GU  
Schedule C-8  
Page 1 of 1

Projected Test Year Ended December 31, 2023

Line No.	Description	Amount	Reference
1	OPC Adjustment to Rent Expense	<u>\$ (78,249)</u>	A

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A: Amount from OPC ROG 113



Projected Test Year Ended December 31, 2023

Line No.	Description	Amount (A)	Reference
1	OPC Adjustment to Remove Lobbying Costs	\$ (41,881)	A

A: Amount from the responses to OPC ROG 54 and OPC ROG 138 and calculated below:

	Description	Amount	Reference
2	American Gas Foundation	\$ (4,373)	OPC ROG 54
3	Associated Gas Distributors of Florida	\$ (27,293)	OPC ROG 54
4	American Gas Association	\$ (3,700)	OPC ROG 54
5	Projected 2023 Invoice #1	\$ (109)	OPC ROG 138
6	Projected 2023 Invoice #2	\$ (6,406)	OPC ROG 138
7	Total	\$ (41,881)	

Florida Public Utilities Company Consolidated Gas  
Interest Synchronization

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Projected Test Year Ended December 31, 2023

Line No.	Description	Amount	Reference
1	Adjusted rate base	\$ 435,138,548	Schedule B
2	Weighted cost of debt	<u>1.53%</u>	Schedule D
3	Synchronized interest deduction	\$ 6,670,091	Line 1 x Line 2
4	Synchronized interest deduction per FPUC's filing	<u>\$ 6,140,977</u>	See note below
5	Difference (decreased) increased interest deduction	\$ 529,114	Line 3 - Line 4
6	State Income Tax Rate	<u>5.50%</u>	Schedule A-1
7	Decrease to State Income Tax Expense	\$ (29,101)	Line 5 x Line 6
8	Federal Taxable Income	\$ 500,013	L5 + L7
9	Federal Income Tax Rate	<u>21.00%</u>	Schedule A-1
10	Federal Income Tax Expense	\$ (105,003)	L8 x L9
11	Increase (decrease) to income tax expense	<u><u>\$ (134,104)</u></u>	Line 7 + Line 10

Notes and Source

Line 4:			
12	FPUC Adjusted Rate Base	\$ 454,887,154	Schedule B
13	FPUC Weighted Cost of Debt	<u>1.35%</u>	Schedule D
14	Synchronized interest deduction per FPUC	<u><u>\$ 6,140,977</u></u>	

Florida Public Utilities Company Consolidated Gas  
 Parent Company Debt Adjustment

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 Schedule C-11  
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Projected Test Year Ended December 31, 2023

Line No.	Description	Amount (A)	Reference
1	Adjusted Rate Base	\$ 435,138,548	Sch. B
2	Common Equity Ratio	39.67%	Sch. D
3	Rate Base Financed by Common Equity	\$ 172,617,828	L1 x L2
4	Parent Company Debt Ratio	41.50%	[1]
5	Rate Base for Parent Company Debt Interest	\$ 71,636,399	L3 x L4
6	Parent Company Cost of Debt	4.52%	[1]
7	Parent Company Debt Interest Deduction	\$ 3,237,965	L5 x L6
8	Federal Income Tax Rate	21.00%	
9	Federal Income Tax Expense Decrease	<u>\$ (679,973)</u>	L7 x L8

Notes and Source

[1] This information was provided by OPC witness David Garrett and is based on Value Line

Projected Test Year Ended December 31, 2023

Line No.	Description	Amount	Reference
1	Adjusted Rate Base	\$ 435,138,548	Sch. B
2	Consolidated Tax Rate	23.793%	[1]
3	Rate Base Financed by Common Equity	\$ 103,532,515	L1 x L2
4	Parent Company Cost of Debt	1.42%	[1]
5	Interest Deduction	\$ 1,470,455	L3 x L4
6	Federal Income Tax Rate	21%	
7	Calculated Reduction to Federal Income Tax Expense	\$ (308,796)	
8	Adjustment to 2023 Test Year Income Tax Expense Reflected in Company's Filing for Parent Company Debt Adjustment	\$ -	[2]

Notes and Source

[1] Amounts from MFR Schedule C-26

[2]: MFR Schedule G-2 Consolidated, page 29 of 31

The amounts below were calculated on MFR Schedule C-26

Description	FPUC	CFG	Indiantown	Meade	Total
9 Total Rate Base	\$ 302,435,362	\$ 114,342,351	\$ 2,020,092	\$ 1,240,248	
10 Consolidated Tax Rate	23.793%	23.793%	23.793%	23.793%	
11 Rate Base Financed by Common Equity	\$ 71,958,446	\$ 27,205,476	\$ 480,640	\$ 295,092	
12 Parent Company Weighted Cost of Debt	1.42%	1.42%	1.42%	1.42%	
13 Interest Deduction	\$ 1,022,014	\$ 386,395	\$ 6,826	\$ 4,191	\$ 1,419,426

Florida Public Utilities Company Consolidated Gas  
Company Sponsored Events

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Schedule C-12  
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Projected Test Year Ended December 31, 2023

<u>Line No.</u>	<u>Description</u>	<u>Amount (A)</u>	<u>Reference</u>
1	OPC Adjustment to Remove Costs for Company Sponsored Events	<u>\$ (38,835)</u>	A

Notes and Source

A: Amount from FPUC's response to OPC ROG 101