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September 20, 2022

**BY E-FILING**

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

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

Dear Mr. Teitzman:

Attached, for electronic filing, please find the **Rebuttal Testimony and Exhibits PSL-5, PSL-6, and PSL-7 of Patricia Lee**, submitted on behalf of Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation.

Sincerely,

/s/Beth Keating

Beth Keating

Gunster, Yoakley & Stewart, P.A.

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cc.(Certificate of Service)

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Before the Florida Public Service Commission

**Docket No. 20220067-GU: Florida Public Utilities Company, Florida**

**Division of Chesapeake Utilities Corporation d/b/a Central Florida Gas (CFG),  
Fort Meade, and Indiantown (collectively FPUC) Rate Case and  
Depreciation Study**

Prepared Rebuttal Testimony of Patricia Lee

Date of Filing: September 20, 2022

**I. POSITION, QUALIFICATIONS, AND PURPOSE**

**Q. Please state your name and business address.**

A. My name is Patricia Lee. My address is 116 SE Villas Court, Unit C,  
Tallahassee, Florida 32303.

**Q. Have you previously filed testimony in this proceeding?**

A. Yes. I filed Direct Testimony on May 24, 2022, and Revised Direct  
Testimony on September 9, 2022.

**Q. What is the purpose of your Rebuttal Testimony?**

A. The purpose of my Rebuttal Testimony is to respond to certain erroneous  
positions and statements of OPC’s Witnesses Garrett and Smith relating to  
depreciation and FPUC’s Depreciation Study. Specifically, I will address  
the following:

- Witness Garrett’s proposal to apply longer average service lives based on  
his selected peer group than those I proposed in FPUC’s Depreciation

1 Study, which was attached to my Direct Testimony as Exhibit PSL-2 and  
2 subsequently revised on September 9. I should emphasize that my  
3 recommendations regarding service lives in my Revised Exhibit PSL-2 did  
4 not change markedly from those reflected in the original filing;

- 5 • Witness Garrett's peer group;
- 6 • The proposed depreciation rates computed by Witness Garrett; and
- 7 • Witness Smith's calculation of the test year depreciation expense using Mr.  
8 Garrett's proposed depreciation rates.

9

10 **Q. Are you sponsoring any rebuttal exhibits?**

11 A. Yes, I am sponsoring Rebuttal Exhibits PSL-5 PSL-6 and PSL-7.  
12 Specifically, Rebuttal Exhibit PSL-5, which was prepared under my  
13 supervision, is a compilation of schedules reflecting comparisons between  
14 FPUC's service lives, remaining lives, depreciation rates, and depreciation  
15 expenses under currently prescribed rates, and those proposed by FPUC  
16 and OPC as a result of the 2023 Depreciation Study.

17

18 Rebuttal Exhibit PSL-6 contains a comparison of the currently approved  
19 lives for the accounts in dispute between FPUC and OPC and all Florida  
20 gas companies. Rebuttal Exhibit PSL-7 shows the remaining life  
21 determinations for several accounts where this is no dispute with average  
22 service life, curve, or age but the average remaining lives differ between  
23 OPC and FPUC.

24

25 **Q. What recommendations are you making in your rebuttal testimony?**

1 A. I recommend that the Florida Public Service Commission (“Commission”)  
2 approve the FPUC proposed annual depreciation rates as presented in  
3 Rebuttal Exhibit PSL-5, Schedule B and Revised Exhibit PSL-2, Schedule  
4 B, attached to my Revised Direct Testimony filed on September 9, 2022.  
5 The depreciation rate calculations follow the remaining life depreciation rate  
6 formula set forth in Rule 25-7.045(4)(e), Florida Administrative Code.

7

8 **II. SERVICE LIVES**

9 **Q. Witness Garrett suggests at pages 88 and 89 that overestimating**  
10 **useful lives does not harm a regulated utility. Do you agree?**

11 A. No. In a perfect world, the average service life of a given group of assets  
12 would be “accurate;” i.e., the actual service life of the asset, and match the  
13 period of service the related plant provides service. However, given that  
14 service lives are based on estimates, using the best information available  
15 at the time, there is little chance to be completely accurate until the end of  
16 life of an asset when there are firm retirement plans.

17

18 The historic tendency for regulators and companies has been to generally  
19 overstate life potential. While underestimating the service life places more  
20 burden on current ratepayers through higher depreciation expenses as Mr.  
21 Garrett states, in the long run, the reduction in rate base is beneficial to the  
22 average of all ratepayers. On the other hand, an overestimated life  
23 decreases the burden on current ratepayers through lower depreciation  
24 expenses as it increases the burden on future ratepayers. In this situation,  
25 the assets associated with the subject investments will have retired before

1 recovery is achieved, resulting in a negative reserve. This under recovery  
2 will become rate base, allowing the company to earn on non-existent plant.  
3 Witness Garrett agrees that this situation will exist<sup>1</sup> and surprisingly still  
4 asserts that an overestimated average service life is better.

5

6 **Q. Is his suggestion that use of a regulatory asset can address any**  
7 **concerns that may arise from overestimating useful lives valid?**

8 A. No. Witness Garrett claims that it is better to overstate average service  
9 lives because a regulatory asset can be used to recover any resultant  
10 unrecovered net investments. This, he suggests, shields the company from  
11 any financial harm.<sup>2</sup> From the standpoint of the shareholders, however,  
12 their investment is no longer supported by physical assets. From the  
13 standpoint of ratepayers, they continue paying for plant that is no longer  
14 providing service.

15

16 **Q. Does his use of OLT and Iowa curves from a case in Indiana for**  
17 **comparison to the Iowa curves used for FPUC's Depreciation Study**  
18 **result in a valid "apples to apples" comparison?**

19 A. No. Witness Garrett offers no explanation or discussion why or how the  
20 observed life tables and curves from a case in Indiana compare to the FPUC  
21 plant under study, or how the Indiana company compares or shares similar  
22 characteristics with FPUC. More importantly, there is no indication that the  
23 observed life tables for an Indiana company consider such things as  
24 hurricane incidence, saltwater intrusion, and corrosion, or how the

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<sup>1</sup> Direct Testimony of David J. Garrett, page 89.

<sup>2</sup> Ibid.

1 regulatory environment in Indiana is similar to Florida. All these things  
2 impact additions and retirements of a company from which actuarial data is  
3 derived. The only conclusion that can be made from the Indiana company  
4 is that based on its data, its lives are generally longer than FPUC's.

5

6 **Q. On page 88 of Witness Garrett's testimony, he asserts that shorter**  
7 **average lives encourage economic inefficiency by incentivizing the**  
8 **utility to "unnecessarily replace the asset in order to increase its rate**  
9 **base." Do you agree?**

10 A. No. Witness Garrett's assertion does not hold merit. In every rate case  
11 proceeding, a company's rate base is scrutinized for prudence. If it is  
12 determined that certain costs are imprudent, the recovery of those  
13 investments would be disallowed for rate making purposes. In my opinion,  
14 replacement of assets simply to increase rate base would be considered  
15 imprudent.

16

17 In contrast, unreasonably long service lives burden future customers by  
18 making them pay more in the long run. It is no different than comparing the  
19 merits of a long-term loan with a short-term loan. With a long-term loan,  
20 you may pay less on a monthly basis, but you will ultimately pay more  
21 because you will also be paying interest over a longer period of time. The  
22 overall impact to customers could be dramatic over the entire life cycle of  
23 an asset.

24

1 **Q. Mr. Garrett also suggests that FPUC did not provide sufficient aged**  
2 **data to produce an accurate service life analysis. Can you address**  
3 **his issue with the aged data and whether you agree with his**  
4 **assessment?**

5 A. Witness Garrett is correct that FPUC did not provide the type of aged data  
6 necessary for actuarial analysis. FPUC provided the average age of its  
7 surviving investments in each account. For the accounts in dispute,  
8 retirement rates have averaged less than 1% over the 2013-2023 period.  
9 Statistical analysis on such limited data is not fully predictive of the expected  
10 life of the given account. This is nothing new. Reasonable life estimates  
11 can be made, as they have in the past, based on average service lives for  
12 other Florida gas companies. I do not know what Witness Garrett means  
13 by “accurate service life analysis.” The analysis only tells you how the plant  
14 has lived in the past and we already know that there have been very few  
15 retirements. Any statistical analysis would likely yield extremely long lives  
16 due to the minimal retirement data. I will also address this issue in greater  
17 detail later in my rebuttal.

18

19 **Q. Are Witness Garrett’s recommendations as to the appropriate service**  
20 **lives clear?**

21 A. Not entirely. He seems to suggest that longer service lives should be  
22 applied across the board, but specifically addresses only Accounts 378,  
23 379, 380.1 and 381. In addition, it appears, as reflected in my Exhibit PSL-  
24 5, that there are seven additional accounts where his resultant average

1 remaining lives differs from those I have proposed, although it is not clear  
2 where his disagreement lies as it relates to these accounts.

3 **Q. Please explain.**

4 A. Witness Garrett does not indicate any specific disagreement with FPUC's  
5 proposed average service life for Account 376.2, Mains – Steel; Account  
6 380.2, Services – Other; Account 381.1, Meters – AMR Equipment; Account  
7 384, House Regulator Installations; Account 385, Indus. Meas. & Reg.  
8 Station Equipment; Account 387, Other Equipment; and Account 396,  
9 Power Operated Equipment. However, his Exhibit DJG-21 indicates his  
10 proposed average remaining lives for these accounts differ from those  
11 recommended by FPUC. Likewise, with the exception of Account 396, his  
12 proposed remaining life depreciation rates differ from those proposed by  
13 FPUC. Witness Garrett offers no explanation or reasons for his  
14 recommended remaining lives or why FPUC's proposed remaining lives are  
15 not reasonable.

16

17 **Q. How did you calculate the average remaining lives and resulting**  
18 **remaining life depreciation rates?**

19 A. As discussed in my testimony, I developed the average remaining lives for  
20 each account using the average age for the given account, the proposed  
21 average service life, and the selected Iowa Curve life table. The Life Tables  
22 I used in the remaining life expectancy determinations were obtained from  
23 GTE-INC.<sup>3</sup> These are standard Iowa Curve life tables that can also be

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<sup>3</sup> The life tables obtained from GTE-INC are comprised of two volumes, each consisting of 646 pages.



1 replicated from other sources.<sup>4</sup> Rebuttal Exhibit PSL-7 shows the  
2 remaining life determinations for the accounts where the average service  
3 life and average age are not in dispute but the remaining lives between OPC  
4 and FPUC differ. FPUC's calculated depreciation rates follow the formula  
5 for the remaining life technique in Rule 25-7.045, Florida Administrative  
6 Code, as indicated in Revised Exhibit PSL-2, Schedule B.

7

8 **III. Peer Group**

9 **Q. Do you agree with Witness Garrett's proposed changes to your**  
10 **proposed account life parameters?**

11 A. No, I do not, nor do I agree with the peer group justification he used for his  
12 proposals.

13

14 **Q. What accounts are being challenged by Witness Garrett?**

15 A. Witness Garrett specifically disputes FPUC's recommended average  
16 service life for four accounts.<sup>5</sup> Table PSL-1 Rebuttal shown below is a  
17 summary of the plant accounts upon which we disagree: Current Approved,  
18 FPUC Proposed, and OPC Proposed average service life parameters.

19

20

21

22

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<sup>4</sup> Frank K. Wolf and W. Chester Fitch, *Depreciation Systems*, Iowa State University Press, 1992, p. 40 and Appendix 1, pp. 305-308; Robley Winfrey, *Bulletin 125: Statistical Analyses of Industrial Property Retirements*, 1935 as revised 1967, Iowa State University Engineering Publications and Communications Services, pp. 102-106; Robley Winfrey, *Bulletin 155: Depreciation of Group Properties*, 1942, Iowa State University Engineering Publications and Communications Services, pp. 124-127.

<sup>5</sup> Direct Testimony of David J. Garrett, pdf pages 92. I have considered Plastic and GRIP services as one account as proposed by FPUC.

**Table PSL-1 Rebuttal**  
**Summary of Proposed Life Parameters by Account**

<b>Plant Account</b>		<b>Current</b>	<b>FPUC</b>	<b>OPC</b>
		<b>Approved</b>	<b>Proposed</b>	<b>Proposed</b>
		<b>ASL</b>	<b>ASL</b>	<b>ASL</b>
		(yrs.)	(yrs.)	(yrs.)
378	M&R Equip. - General	31	40	46
379	M&R Equip. – City Gate	32	40	49
380.1	Plastic Services	55	55	57
380G	GRIP Services	55	55	57
381	Meters	28	28	30

ASL=Average Service Life

1           Witness Garrett does not appear to disagree with any FPUC proposed  
2           survivor curve<sup>6</sup> parameters or net salvage values. I have also prepared  
3           Rebuttal Exhibit PSL-6 that provides the same information along with the  
4           currently prescribed average service lives for all Florida gas companies I  
5           reference for comparison in the following sections.

6  
7           I also note that there are accounts for which Witness Garrett does not  
8           dispute the FPUC proposed average service life or age, but his proposed  
9           average remaining life differs from that proposed by FPUC in Revised  
10          Exhibit PSL-1, Schedule A.

11  
12       **Q.    What are Witness Garrett’s issues with FPUC’s life proposals for the**  
13       **four challenged accounts?**

14       **A.**    First, Witness Garrett criticizes FPUC for not providing company-specific  
15       data for statistical analyses in determining average service lives. Second,

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<sup>6</sup> A graphical representation plotting the percent of property surviving at each age.

1 while Witness Garrett agrees that a peer group comparison can be used “to  
2 establish a relatively objective basis for service life estimates”<sup>7</sup> when there  
3 is inadequate actuarial data, his peer group includes three companies in  
4 other jurisdictions and only two Florida companies.

5

6 **Q. Do you agree with Witness Garrett’s criticisms of FPUC not providing**  
7 **company-specific data for statistical analyses in determining its life**  
8 **proposals?**

9 A. No. FPUC’s depreciation study represents an update of its last filed study  
10 in 2019. The study provides average age determinations of its surviving  
11 investments at January 1, 2023, for each depreciable plant account based  
12 on company-specific data. The Company also included the determination  
13 of the average age of retirements for each account occurring each year  
14 since the last study. To the extent additional historical data is needed for a  
15 party’s analysis, FPUC has routinely filed annual reports and depreciation  
16 related annual status reports that contain annual plant and reserve activity.  
17 These reports are in the public domain and easily accessible. In fact, the  
18 annual status reports of depreciation related data are always included in  
19 company depreciation studies for each year since the last depreciation  
20 review of a given company, as they were for FPUC’s study.

21

22 Additionally, as discussed in my direct testimony, many of the FPUC  
23 accounts under study have experienced few retirements historically making  
24 statistical analysis of no real value. In normal circumstances, conducting

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<sup>7</sup> Direct Testimony of David J. Garrett, page 9.

1 the same statistical analysis year after year is not productive for determining  
2 useful life indications. In contrast, reviewing average retirement rates, as I  
3 did, will show if - and when - there is any change in the retirement pattern  
4 that warrants further investigation as to cause, and possibly the need to  
5 conduct a new life analysis. Statistical analysis will, at best, only reveal how  
6 the subject plant investment has lived in the past. As such, reliance solely  
7 upon statistical analysis for the determination of an average service life has  
8 limited benefits and is only valuable if the future is expected to mirror the  
9 past.

10

11 It is even more problematic that the specific four accounts that Witness  
12 Garrett challenges have historically experienced scant retirements (less  
13 than 1%). This level of retirement activity is insufficient to enable any  
14 meaningful statistical analysis, which is why reliance on the range of lives  
15 prescribed for other Florida gas utilities is important and necessary. The  
16 range of lives for the companies in Florida has historically been used as a  
17 zone for reasonableness for company proposals, as well the Commission's  
18 analysis of those proposals.<sup>8</sup>

19

20 **Q. Does the Commission Rule 25-7.045, Florida Administrative Code,**  
21 **require that a depreciation study include statistical analyses?**

22 A. No, statistical analysis is not required. However, if a company does use  
23 statistical analysis to develop its service life proposals, then that data should

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<sup>8</sup> As an example, see Docket No. 20170179-GU, Rebuttal Testimony of Dane Watson, and Docket No. 20170265-GU, Staff Report.

1 be provided in the depreciation study. It has been common practice for  
2 FPUC to file a basically “staff-assisted” depreciation study where it provided  
3 aged retirement data and the average age distributions of the surviving  
4 investments for each account. Working with the Commission Staff, life and  
5 salvage factors were developed from FPUC’s submitted plant and salvage  
6 data. Additionally, FPUC is required to file comprehensive depreciation  
7 studies at least once every five years. In each case filing, the Company  
8 and the Commission Staff work together to determine proposed life and  
9 salvage parameters without the use of actuarial analysis. Reasonable life  
10 estimates can be made as they have in the past based on other information.

11  
12 **Q. On pages 92 and 93 of Witness Garrett’s testimony, he provides an**  
13 **example of the actuarial analyses upon which the lives of his peer**  
14 **group companies were based. Do you take any issue with the example**  
15 **he used?**

16 A. Yes. Although just an example, it highlights why Mr. Garrett’s analysis fails  
17 in the “apples to apples” comparison category. He uses an example of  
18 actuarial analysis for a company outside Florida, NIPSCO (“Northern  
19 Indiana Public Service Company”), and for an account that appears to  
20 include both plastic and steel services.<sup>9</sup> FPUC maintains two separate  
21 accounts for services and studies plastic and steel services separately as  
22 indicative of the different proposed lives.<sup>10</sup> Since the pertinent account,  
23 Account 380.01, with which Witness Garrett takes issue is just for plastic  
24 services, there is really no way to determine what that Observed Life Table

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<sup>9</sup> Direct Testimony of David J. Garrett, Exhibit DJG-19.

<sup>10</sup> See Rebuttal Exhibit PSL-5, Schedule 2.

1 (“OLT”) would show if the data were limited to plastic services only for  
2 NIPSCO as well. A more valid example of actuarial analysis would have, in  
3 my opinion, been one used for either Florida City Gas (“FCG”)<sup>11</sup> or Peoples  
4 Gas System (“Peoples”),<sup>12</sup> which Witness Garrett indicated were based on  
5 “voluminous amounts of historical data.”<sup>13</sup> Additionally, an example of one  
6 company’s OLT should not be considered sufficient to presume a  
7 comparison to FPUC especially since Witness Garrett does not establish a  
8 parallel that would make a comparison relevant. I suspect that NIPSCO  
9 was selected given that its approved lives for the accounts in dispute are all  
10 longer than those FPUC has proposed and are also longer than the  
11 currently approved lives for the two Florida companies included in Witness  
12 Garrett’s peer group.

13

14 **Q. As mentioned previously, Witness Garrett has relied on the approved**  
15 **lives of the companies he selected for his peer group to justify his life**  
16 **proposals. Do you agree with the Witness’s peer group?**

17 A. No. While I do agree with Witness Garrett that a peer group comparison  
18 can be used “to establish a relatively objective basis for service life  
19 estimates”<sup>14</sup> when there is inadequate actuarial data, I find it problematic  
20 that the peer group he has considered consists of three companies outside  
21 Florida and only two Florida companies. The reasons he gives for including

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<sup>11</sup> Order No. PSC-2018-0190-FOF-GU, issued April 20, 2018, in Docket No. 20170179-GU, In Re: Petition for Rate Case by Florida City Gas, pages 20 and 37.

<sup>12</sup> Order No. PSC-2020-0485-FOF-GU, issued December 10, 2020, in Docket No. 20200051-GU, In Re: Petition for rate case by Peoples Gas System; Docket No. 20200166-GU, In Re: Petition for approval of 2020 depreciation study by Peoples Gas System; Docket No. 20200178-GU, Petition for approval to track, record as a regulatory asset, and defer incremental costs resulting from COVID-19 pandemic, by Peoples Gas System, pages 14-16 and 215.

<sup>13</sup> Direct Testimony of David J. Garrett, page 8. See Docket Nos. 20170179-GU and 20200166-GU.

<sup>14</sup> Direct Testimony of David J. Garrett, page 9.

1           these companies in his peer group are 1) he was involved in each of the  
2           cases, 2) “the depreciation studies included voluminous historical  
3           retirement data that was adequate for actuarial analysis,”<sup>15</sup> and 3) the  
4           approved lives are generally longer than those approved in Florida.  
5           However, none of these reasons provides a valid basis for comparison to  
6           FPUC. In selecting companies for a peer group, there must be some similar  
7           characteristics or nexus with the company being analyzed. Witness Garrett  
8           does not indicate whether, or how, he determined that the companies he  
9           selected were suitably comparable or shared similar characteristics for  
10          inclusion in his peer group analysis of FPUC. He does claim that the coastal  
11          utility group of companies, which one must assume refers to Piedmont Gas,  
12          Florida City Gas, and Peoples Gas, and FPUC are in similar environmental  
13          conditions but provides little further explanation. As for Liberty and  
14          NIPSCO, the only other indication as to why they were selected is Witness  
15          Garrett’s assertion that it is important for the Commission to see the  
16          approved service lives of utilities in other regions. Notably, he does not  
17          explain why that is important, nor how information from utilities in other  
18          regions is valid and comparable for the development of service lives for a  
19          utility in Florida.

20  
21       **Q. In your opinion, are the three companies in Witness Garrett’s Peer**  
22       **Group that are outside Florida similar to Florida utilities for**  
23       **determining life expectations?**

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<sup>15</sup> Direct Testimony of David J. Garrett, page 92.

1 A. No. Again, it does not appear that Witness Garrett has undertaken an  
2 analysis of any underlying basis for making an “apples-to-apples”  
3 comparison between the companies in his peer group, such as  
4 meteorological conditions (e.g., hurricane incidence), subsurface conditions  
5 (e.g., karst geology, saltwater intrusion and corrosion). Additionally, being  
6 in a peninsular environment, Florida companies are subject to harsher  
7 operating and environmental conditions of heat, humidity, hurricane  
8 incidence, saltwater intrusion than companies in other states. Similar  
9 regulatory environments relating to, for example, storm protections, may  
10 vary from state to state that could also impact maintenance and retirements.  
11 Expensing/capitalization practices could also differ from state to state  
12 making it more appropriate to compare companies with similar procedures.  
13 These conditions make companies within Florida more appropriate to use  
14 for reasonableness purposes including companies in other states.  
15 Additionally, these differences warrant shorter lives as evident by the  
16 prescribed lives of the two Florida companies that are based on voluminous  
17 company-specific data and statistical analysis. In sum, Witness Garrett has  
18 not established the similarity between the three companies outside Florida  
19 and FPUC or any Florida company.

20  
21 In terms of customer size alone, the three companies outside Florida are a  
22 poor proxy for FPUC. Liberty has approximately 60,000 customers,  
23 NIPSCO has approximately 821,000 customers<sup>16</sup> and Piedmont Natural

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<sup>16</sup> <https://www.nipsco.com/our-company/about-us>



1 Gas has 157,000 customers<sup>17</sup> in South Carolina. FPUC has approximately  
2 108,000 customers. The operational characteristics and demand on assets  
3 between these different sized companies can create different accounting  
4 and operation process dynamics for each company.

5

6 **Q. Did Witness Garrett explain why he did not agree with the peer group**  
7 **used by FPUC in its depreciation study?**

8 A. No. The only explanation Witness Garrett provides is that the currently  
9 prescribed average service lives for his peer group companies are  
10 “generally longer than those approved in Florida.”<sup>18</sup>

11

12 **Q. How does Witness Garrett’s peer group compare to the peer group**  
13 **used in FPUC’s depreciation study?**

14 A. FPUC’s peer group consists of all gas companies in Florida rather than just  
15 two; thus, there is overlap in terms of the two Florida companies he did  
16 include, Florida City Gas (“FCG”)<sup>19</sup> and Peoples Gas System (“Peoples”)<sup>20</sup>.  
17 I reviewed the most recent depreciation studies for both FCG and Peoples  
18 and found that these were each based on company-specific data and the  
19 lives were the result of actuarial analysis. I note that the service lives  
20 approved for the accounts at issue were, for both companies, are shorter

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<sup>17</sup> <https://www.prnewswire.com/news-releases/piedmont-natural-gas-files-rate-adjustment-in-south-carolina-for-investments-to-better-serve-customers-301516052.html>

<sup>18</sup> Ibid.

<sup>19</sup> Order No. PSC-2018-0190-FOF-GU, issued April 20, 2018, in Docket No 20170179-GU, In Re: Petition for Rate Case by Florida City Gas, pages 20 and 37.

<sup>20</sup> Order No. 2020-0485-FOF-GU, issued December 10, 2020, in Docket No. 20200051-GU In Re: Petition for rate case by Peoples Gas System; Docket No. 20200166-GU, In Re: Petition for approval of 2020 depreciation study by Peoples Gas System; and Docket No. 20200178-GU, Petition for approval to track, record as a regulatory asset, and defer incremental costs resulting from COVID-19 pandemic, by Peoples Gas System, pages 14-16 and 215.

1 than those for Witness Garrett's selected companies outside the State,  
2 which suggests that the witness included these out-of-region companies in  
3 his peer group primarily to boost the average service lives for his group.  
4

5 **Q. Are FPUC's proposed lives reasonably consistent with the approved**  
6 **lives for the two Florida utilities included in Witness Garrett's peer**  
7 **group?**

8 A. Yes. FCG's current approved depreciation rates are the result of its 2017  
9 study addressed in Docket No. 20170179. OPC was an intervenor in that  
10 proceeding. While the case was ultimately resolved through a Stipulation  
11 and Settlement, I noted that the only account where the service life  
12 proposed by OPC's witness was included in the settlement was for Account  
13 380.2, Plastic Services. That stipulated life was 54 years, which is shorter  
14 than the service life proposed by FPUC for the same account in this docket.  
15

16 **Q. Are there other issues you have found with Witness Garrett's use of**  
17 **the peer group information?**

18 A. Yes. First, on Witness Garrett's Exhibit DJG-19, the lives for Account 380.1,  
19 Plastic Services, and Account 381, Meters, are not correctly depicted for  
20 Liberty. While Witness Garrett's exhibit shows the lives for these accounts  
21 of 50 years and 45 years, respectively, the lives approved are really 52  
22 years and 35 years, respectively.<sup>21</sup> Additionally, it appears that, like  
23 NIPSCO, Account 380.1, Plastic Services, for Liberty is really a combination

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<sup>21</sup> Final Order, Docket No. 41969, In re: Liberty Utilities (Peach State Natural Gas) Corp.'s Petition for Approval of Adjustment of its Rates and Revised Tariff and Application for an Alternative Form of Regulation, Rate Case Stipulation, Exhibit B, page 1.

1 of steel and plastic service investments. Thus, using this account as a  
2 comparison with the life of FPUC's account that contains plastic services  
3 only is not appropriate. Second, the life listed for NIPSCO, Account 379,  
4 M&R Equipment – City Gate, is not valid in that NIPSCO shows no  
5 investment in city gate equipment.<sup>22</sup> I note that 1) the NIPSCO Final Order  
6 is dated July 27, 2022, rather than April 1, 2022, as indicated in Witness  
7 Garrett's testimony, and 2) OPC's response to FPUC POD X does not  
8 include the Joint Exhibit B that contains the ordered depreciation  
9 parameters.

10

11 **Q. What recommendations are you making in your rebuttal testimony?**

12 A. I recommend that the FPSC approve FPUC's proposed life, salvage,  
13 reserve, and resulting depreciation rates presented in Rebuttal Exhibit PSL-  
14 5, Schedule 2 and 3, along with the proposed amortization of the reserve  
15 deficit associated with the General Plant amortizable accounts. The exhibit  
16 schedules correspond to the Revised Exhibit PSL-2, Schedules A-E,  
17 submitted on September 9, 2022, in this proceeding.

18

19 **IV. DEPRECIATION EXPENSE AND ACCUMULATED DEPRECIATION**  
20 **ADJUSTMENTS**

21

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<sup>22</sup> Cause No. 45621, Petition of Northern Indiana Public Service Company, Public's Exhibit No. 6 - Testimony of David J. Garrett, Attachment DJG-4 and DJG-6. The exhibits show that NIPSCO has no City Gate M&R investment.

1 **Q. Please summarize Mr. Smith's recommended adjustments on**  
2 **depreciation expense and accumulated depreciation using Mr.**  
3 **Garrett's proposed depreciation rates.**

4 A. Mr. Smith recommends an adjustment of \$928,851 increase in the 2023  
5 average rate base as shown on line 23, page 8, of his testimony. In addition,  
6 his proposed annual depreciation expense is \$12,356,395, a \$2,204,818  
7 decrease in the depreciation expense as shown on line 20, page 22.

8

9 **Q. On page 22 of Mr. Smith's testimony, he states that Schedule C-1 is**  
10 **reflective of FPUC's proposed depreciation rates. Do you agree with**  
11 **this assertion?**

12 A. No. The depreciation rates used in developing Schedule C-1 are FPUC's  
13 currently prescribed depreciation rates not those the Company has  
14 proposed. This is noted at the bottom of Schedule C-17.<sup>23</sup>

15

16 **Q. Do you agree that Mr. Smith's adjustments to depreciation expense**  
17 **and accumulated depreciation reflect Mr. Garrett's proposed**  
18 **depreciation rates?**

19 A. No. Mr. Smith recalculated 2023 depreciation expense using the  
20 recommended depreciation rates that were supplied to him by Mr. Garrett  
21 in his Exhibit RCS-2, Schedule C-1, page 4 in column A. However, Mr.  
22 Smith did not correctly incorporate Mr. Garrett's proposed depreciation  
23 rates in his testimony. The depreciation rates for accounts 392, 3921, 3922,  
24 3924 and 396 in Mr. Smith's Exhibit RCS-2, Schedule C-1, page 4 in column

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<sup>23</sup> See also Direct Testimony of Michelle Napier, pages 21-22.

1 A, do not match the depreciation rates recommended by Mr. Garrett in  
2 Exhibit DJG-20, pages 1 and 2. Using the depreciation rates recommended  
3 by Mr. Garrett for these five (5) accounts results in the 2023 depreciation  
4 expense of \$12,125,413 rather than \$12,356,395, therefore, the  
5 depreciation expense adjustment should be \$2,435,800 as opposed to  
6 \$2,204,818 as shown in Rebuttal Exhibit PSL-10.

7  
8 Because the 2023 depreciation expense is incorrect in Mr. Smith's  
9 testimony, the corresponding accumulated depreciation is also incorrect. In  
10 addition, the calculation of the 13-month average accumulated depreciation  
11 in Exhibit RCS-2, Schedule B-3, page 1 is incorrect as the January 2023  
12 balance is missing. Using the corrected depreciation expense and inclusion  
13 of the January 2023 balance, the 13-month average accumulated  
14 depreciation is \$1,206,999 rather than \$928,851.

15  
16 **V. CONCLUSION**

17 **Q. What are the depreciation expenses associated with OPC's proposed**  
18 **depreciation rates?**

19 A. Rebuttal Exhibit PSL-5, Schedule 3, shows the expense impact of OPC's  
20 proposed depreciation rates<sup>24</sup> compared to FPUC's Revised Exhibit PSL-2,  
21 Schedule B. I have corrected the OPC position for the revised account  
22 reserves. Also, for accounts where Witness Garrett indicates no dispute  
23 with FPUC proposed average service lives, I have used my calculated  
24 average remaining life. Finally, the calculated depreciation rates follow the

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<sup>24</sup> Exhibit DJG-21, column 10.

1 formula of the remaining life technique in Rule 25-7.045(1)(e). The resulting  
2 OPC change in expenses is \$1.9 million or an additional decrease of \$0.4  
3 million from FPUC's revised proposal.

4

5 **Q. Do you have any concluding remarks?**

6 A. Yes, the lives, salvage, reserve components, and resulting depreciation  
7 rates provided in my Revised Exhibit PSL-1, Schedule B and Schedule C,  
8 should be applied to FPUC's plant in service and used in calculating the  
9 depreciation expense and rate base adjustments to the 2023 test year.  
10 These rates and reserve corrections provide fair and reasonable recovery  
11 to both FPUC and its customers and should be adopted by the Commission.

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing Rebuttal Testimony has been served by Electronic Mail this 20<sup>th</sup> day of September, 2022, upon the following:

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**FLORIDA PUBLIC UTILITIES - CONSOLIDATED NATURAL GAS**  
 FPUC, FPUC - Common, FPUC - Indiantown, Florida Division of Chesapeake Utilities Corporation, FPUC - Ft Meade  
**2023 CONSOLIDATED NATURAL GAS DEPRECIATION STUDY**  
 (Actual through 12/31/21 and Projected through 12/31/22)  
**COMPARISON OF CURRENT AND PROPOSED DEPRECIATION COMPONENTS**

UNIT - # / NAME	REVISED CONSOLIDATED PLANT		CURRENT CONSOLIDATED					REVISED COMPANY PROPOSED - CONSOLIDATED					OPC RECOMMENDED - CONSOLIDATED **						
	PROJECTED 1/1/23 INVESTMENT	PROJECTED 1/1/23 RESERVE	AVERAGE SERVICE LIFE (YRS.)	AVERAGE REMAINING LIFE (YRS.)	NET SAL (%)	AGE (YRS.)	CURVE	AVERAGE SERVICE LIFE (YRS.)	AVERAGE REMAINING LIFE (YRS.)	NET SAL (%)	(SCH. L and M) AGE (YRS.)	CURVE	AVERAGE SERVICE LIFE (YRS.)	AVERAGE REMAINING LIFE (YRS.)	NET SAL (%)	(SCH. L and M) AGE (YRS.)	CURVE		
	<b>DISTRIBUTION PLANT</b>																		
3741 Land Rights	33,410	11,583	35	7.4	0	27.6	SQ	75	56	0	19.2	SQ	75	56	0	19.2	SQ		
375 Structures & Improvements	1,572,719	351,957	40	23	0	16.7	S4	40	28	0	11.7	S4	40	28	0	11.7	S4		
3761 Mains - Plastic	129,087,416	32,009,063	55	48	-16	7.3	S3	75	67	-25	8.0	S3	75	67	-25	8.0	S3		
3762 Mains - Steel	61,810,864	30,162,494	55	37	-28	18.5	S3	65	43	-40	22.2	S3	65	43	-40	22.2	S3		
376G Mains - GRIP	146,906,029	17,733,587	55	48	-16	7.3	S3	75	67	-25	8.0	S3	75	67	-25	8.0	S3		
378 Measuring and Regulating Equip. - General	6,890,853	1,702,522	31	23	-5	8.2	R3	40	32	-10	8.0	R3	46	38	-10	8.0	R3		
379 Measuring and Regulating Equip. - City Gate	14,603,999	5,789,277	32	23	-5	9.5	R3	40	28	-10	12.7	R3	49	37	-10	12.7	R3		
3801 Services - Plastic	69,786,805	15,557,857	55	46	-22	9	S3	55	46	-30	8.7	S3	57	49	-30	8.7	S3		
3802 Services - Other	1,327,469	1,419,349	50	22	-125	31.3	S2	60	35	-130	26.3	S2	60	35	-130	26.3	S2		
380G Services - GRIP	48,993,831	3,452,804	55	46	-22	9	S3	55	46	-30	8.7	S3	57	49	-30	8.7	S3		
381 Meters	23,268,059	7,354,720	28	17.1	0	11.6	R3	28	18.6	0	9.9	R3	30	20	0	9.9	R3		
3811 Meters - AMR Equipment	2,303,034	1,452,732	20	12.1	0	8.4	R3	28	16.7	0	12.1	R3	28	16.7	0	12.1	R3		
382 Meter Installations	18,239,922	5,258,682	36	27	-10	9.2	S2	45	35	-20	10.2	S2	45	35	-20	10.2	S2		
3821 Meter Installations - MTU/DCU	593,040	283,446	36	28	-10	8.5	S2	45	33	-20	12.5	S2	45	33	-20	12.5	S2		
383 House Regulators	6,859,108	3,131,461	30	16.2	0	14.1	R4	40	27	0	13.1	R4	40	27	0	13.1	R4		
384 House Regulator Installations	1,081,399	694,010	36	16.3	0	20.4	S3	45	23	-20	23.0	S3	45	23	-20	23.0	S3		
385 Indus. Meas. & Reg. Station Equip	1,883,028	1,227,066	35	17.7	0	18.9	R3	38	17.8	0	22.3	R3	38	17.8	0	22.3	R3		
387 Other Equipment	3,458,702	1,496,827	25	15.7	0	9.3	S3	30	19.2	0	10.9	S3	30	19.2	0	10.9	S3		
	<b>538,699,687</b>	<b>129,089,437</b>																	
<b>GENERAL PLANT</b>																			
390 Structures & Improvemts.	14,092,184	1,099,982	40	31	10	9.6	R3	40	35	10	4.8	R3	40	35	10	4.8	R3		
3910 Office Equipment	2,294,441	458,888	14 Year Amortization					SQ	14 Year Amortization					SQ	14 Year Amortization				
3912 Computer Hardware	374,792	247,363	10 Year Amortization					SQ	10 Year Amortization					SQ	10 Year Amortization				
3913 Office Furniture	758,651	189,663	20 Year Amortization					SQ	20 Year Amortization					SQ	20 Year Amortization				
3914 Computer Software	7,283,950	4,588,889	10 Year Amortization					SQ	10 Year Amortization					SQ	10 Year Amortization				
3921 Transportation - Cars	298,594	114,990	10	4.4	10	5.3	S2	12	9.1	10	2.9	S2	12	9.1	10	2.9	S2		
3922 Transportation - Light Trucks & Vans	6,692,224	2,969,418	10	5.1	20	5.8	S2	12	6.4	20	6.1	S2	12	6.4	20	6.1	S2		
3923 Transportation - Heavy Trucks	0	0	11	11	10	0		11	11	10	-		11	11	10	-	SQ		
3924 Transportation - Other	63,465	49,848	21	9.8	0	11.2	S4	27	11.6	0	15.5	S4	27	11.6	0	15.5	S4		
393 Stores Equipment	29,458	9,064	26 Year Amortization					SQ	26 Year Amortization					SQ	26 Year Amortization				
394 Tools, Shop & Garage Equipment	1,366,809	464,715	15 Year Amortization					SQ	15 Year Amortization					SQ	15 Year Amortization				
395 Laboratory Equipment	0	0	20 Year Amortization					SQ	20 Year Amortization					SQ	20 Year Amortization				
396 Power Operated Equipment	1,789,042	1,057,166	16	5.7	10	11.8	S2	20	9	5	12.4	S2	20	9	5	12.4	S2		
397 Communication Equipment	2,351,047	1,030,934	13 Year Amortization					SQ	13 Year Amortization					SQ	13 Year Amortization				
398 Miscellaneous Equipment	368,904	247,387	17 Year Amortization					SQ	17 Year Amortization					SQ	17 Year Amortization				
399 Miscellaneous Tangible	0	0	5 Year Amortization						5 Year Amortization						5 Year Amortization				
<b>Total General Plant</b>	<b>37,763,561</b>	<b>12,528,307</b>																	
<b>Total Plant</b>	<b>576,463,248</b>	<b>141,617,744</b>																	

\* Reserve Balance reflects the Projected Theoretical Reserve Balance computed on Sch. E

\*\* OPC recommended remaining lives adjusted to reflect corrections in Revised Exhibit PSL-2. Depreciation rates have been calculated in accord with Rule 25-7.045 (1)(e).



**FLORIDA PUBLIC UTILITIES - CONSOLIDATED NATURAL GAS**  
 FPUC, FPUC - Common, FPUC - Indiantown, Florida Division of Chesapeake Utilities Corporation, FPUC - Ft Meade  
**2023 CONSOLIDATED NATURAL GAS DEPRECIATION STUDY**  
 (Actual through 12/31/21 and Projected through 12/31/22)  
**COMPARISON OF RATES AND COMPONENTS**

ACCOUNT - # / NAME	CURRENT - CONSOLIDATED	REVISED COMPANY PROPOSED - CONSOLIDATED				OPC RECOMMENDED - CONSOLIDATED *			
	REMAINING LIFE RATE (%)	AVERAGE REMAINING LIFE (YRS.)	NET SAL (%)	PROJECTED MAIN 1/1/2023 RESERVE (%)	LIFE RATE (%)	AVERAGE REMAINING LIFE (YRS.)	NET SAL (%)	PROJECTED SAL RESERVE (%)	REMAINING LIFE RATE (%)
<b>DISTRIBUTION PLANT</b>									
3741 Land Rights	5.5	56	0.0	34.67	1.2	56	0.0	34.67	1.2
375 Structures & Improvements	2.5	28	0.0	22.38	2.8	28	0.0	22.38	2.8
3761 Mains - Plastic	2.1	67	(25.0)	18.02	1.6	67	(25.0)	18.02	1.6
3762 Mains - Steel	2.2	43	(40.0)	48.80	2.1	43	(40.0)	48.80	2.1
376G Mains - GRIP	2.1	67	(25.0)	18.02	1.6	67	(25.0)	18.02	1.6
378 Measuring and Regulating Equip. - General	3.5	32	(10.0)	24.71	2.7	38	(10.0)	24.71	2.2
379 Measuring and Regulating Equip. - City Gate	3.1	28	(10.0)	39.64	2.5	37	(10.0)	39.64	1.9
3801 Services - Plastic	2.2	46	(30.0)	16.00	2.5	49	(30.0)	16.00	2.3
3802 Services - Other	9.2	35	(130.0)	106.92	3.5	35	(130.0)	106.92	3.5
380G Services - GRIP	2.2	46	(30.0)	16.00	2.5	49	(30.0)	16.00	2.3
381 Meters	3.6	18.6	0.0	31.61	3.7	20	0.0	31.61	3.4
3811 Meters - AMR Equipment	4.3	16.7	0.0	63.08	2.2	16.7	0.0	63.08	2.2
382 Meter Installations	3.2	35	(20.0)	28.83	2.6	35	(20.0)	28.83	2.6
3821 Meter Installations - MTU/DCU	2.6	33	(20.0)	47.80	2.2	33	(20.0)	47.80	2.2
383 House Regulators	3.3	27	0.0	45.65	2.0	27	0.0	45.65	2.0
384 House Regulator Installations	2.7	23	(20.0)	64.18	2.4	23	(20.0)	64.18	2.4
385 Indus. Meas. & Reg. Station Equip	2.3	17.8	0.0	65.16	2.0	17.8	0.0	65.16	2.0
387 Other Equipment	4	19.2	0.0	43.28	3.0	19.2	0.0	43.28	3.0
<b>GENERAL PLANT</b>									
390 Structures & Improvements.	2.3	35	10.0	7.81	2.3	35	10.0	7.81	2.3
3910 Office Equipment		14 Year Amortization				14 Year Amortization			
3912 Computer Hardware		10 Year Amortization				10 Year Amortization			
3913 Office Furniture		20 Year Amortization				20 Year Amortization			
3914 Computer Software		10 Year Amortization				10 Year Amortization			
3921 Transportation - Cars	17.4	9.1	10.0	38.51	5.7	9.1	10.0	38.51	5.7
3922 Transportation - Light Trucks & Vans	8.4	6.4	20.0	44.37	5.6	6.4	20.0	44.37	5.6
3923 Transportation - Heavy Trucks	8.2	11	10.0		8.2	11.0	10.0	0.00	8.2
3924 Transportation - Other	5.8	11.6	0.0	78.54	1.9	11.6	0.0	78.54	1.9
393 Stores Equipment		26 Year Amortization				26 Year Amortization			
394 Tools, Shop & Garage Equipment		15 Year Amortization				15 Year Amortization			
395 Laboratory Equipment		20 Year Amortization				20 Year Amortization			
396 Power Operated Equipment	5.1	9	5.0	59.09	4.0	9.0	5.0	59.09	4.0
397 Communication Equipment		13 Year Amortization				13 Year Amortization			
398 Miscellaneous Equipment		17 Year Amortization				17 Year Amortization			
399 Miscellaneous Tangible		5 Year Amortization				5 Year Amortization			

\* OPC recommended remaining lives adjusted to reflect corrections in Revised Exhibit PSL-2. Depreciation rates have been calculated in accord with Rule 25-7.045 (1)(e).

**FLORIDA PUBLIC UTILITIES - CONSOLIDATED NATURAL GAS**  
 FPUC, FPUC - Common, FPUC - Indiantown, Florida Division of Chesapeake Utilities Corporation, FPUC - Ft Meade  
**2023 CONSOLIDATED NATURAL GAS DEPRECIATION STUDY**  
 (Actual through 12/31/21 and Projected through 12/31/22)  
**COMPARISON OF ANNUAL DEPRECIATION EXPENSE**

ACCOUNT - # / NAME	REVISED CONSOLIDATED PLANT		CURRENT - CONSOLIDATED		REVISED COMPANY PROPOSED - CONSOLIDATED			OPC RECOMMENDED - CONSOLIDATED **		
	PROJECTED 1/1/23	PROJECTED 1/1/23	RATE EXPENSES		RATE EXPENSES		CHANGE IN EXPENSES	RATE EXPENSES		CHANGE IN EXPENSES
	INVESTMENT	RESERVE	(%)	(\$)	(%)	(\$)	(\$)	(%)	(\$)	(\$)
<b>DISTRIBUTION PLANT</b>										
3741 Land Rights	33,410	11,583	5.5	1,838	1.2	401	(1,437)	1.2	390	(1,448)
375 Structures & Improvements	1,572,719	351,957	2.5	39,318	2.8	44,036	4,718	2.8	43,598	4,280
3761 Mains - Plastic	129,087,416	32,009,063	2.1	2,710,836	1.6	2,065,399	(645,437)	1.6	2,061,160	(649,676)
3762 Mains - Steel	61,810,864	30,162,494	2.2	1,359,839	2.1	1,298,028	(61,811)	2.1	1,310,965	(48,874)
376G Mains - GRIP	146,906,029	17,733,587	2.1	3,085,027	1.6	2,350,496	(734,531)	1.6	2,345,673	(739,354)
378 Measuring and Regulating Equip. - General	6,890,853	1,702,522	3.5	241,180	2.7	186,053	(55,127)	2.2	154,663	(86,517)
379 Measuring and Regulating Equip. - City Gate	14,603,999	5,789,277	3.1	452,724	2.5	365,100	(87,624)	1.9	277,713	(175,011)
3801 Services - Plastic	69,786,805	15,557,857	2.2	1,535,310	2.5	1,744,670	209,360	2.3	1,623,611	88,301
3802 Services - Other	1,327,469	1,419,349	9.2	122,127	3.5	46,461	(75,666)	3.5	46,681	(75,446)
380G Services - GRIP	48,993,831	3,452,804	2.2	1,077,864	2.5	1,224,846	146,982	2.3	1,139,856	61,992
381 Meters	23,268,059	7,354,720	3.6	837,650	3.7	860,918	23,268	3.4	795,651	(41,999)
3811 Meters - AMR Equipment	2,303,034	1,452,732	4.3	99,030	2.2	50,667	(48,363)	2.2	50,915	(48,115)
382 Meter Installations	18,239,922	5,258,682	3.2	583,678	2.6	474,238	(109,440)	2.6	475,124	(108,554)
3821 Meter Installations - MTU/DCU	593,040	283,446	2.6	15,419	2.2	13,047	(2,372)	2.2	12,975	(2,444)
383 House Regulators	6,859,108	3,131,461	3.3	226,351	2.0	137,182	(89,169)	2.0	138,071	(88,280)
384 House Regulator Installations	1,081,399	694,010	2.7	29,198	2.4	25,954	(3,244)	2.4	26,245	(2,953)
385 Indus. Meas. & Reg. Station Equip	1,883,028	1,227,066	2.3	43,310	2.0	37,661	(5,649)	2.0	36,857	(6,453)
387 Other Equipment	3,458,702	1,496,827	4.0	138,348	3.0	103,761	(34,587)	3.0	102,176	(36,172)
	<b>538,699,687</b>	<b>129,089,437</b>		<b>12,599,047</b>		<b>11,028,918</b>	<b>(1,570,129)</b>		<b>10,642,324</b>	<b>(1,956,723)</b>
<b>GENERAL PLANT</b>										
390 Structures & Improvements.	14,092,184	1,099,982	2.3	324,120	2.3	324,120	0	2.3	324,120	0
3910 Office Equipment	2,294,441	458,888 *	7.1	163,889	7.1	163,889	0	7.1	163,889	0
3912 Computer Hardware	374,792	247,363 *	10.0	37,479	10.0	37,479	0	10.0	37,479	0
3913 Office Furniture	758,651	189,663 *	5.0	37,933	5.0	37,933	0	5.0	37,933	0
3914 Computer Software	7,283,950	4,588,889 *	10.0	728,395	10.0	728,395	0	10.0	728,395	0
3921 Transportation - Cars	298,594	114,990	17.4	51,955	5.7	17,020	(34,935)	5.7	17,020	(34,935)
3922 Transportation - Light Trucks & Vans	6,692,224	2,969,418	8.4	562,147	5.6	374,765	(187,382)	5.6	374,765	(187,382)
3923 Transportation - Heavy Trucks	0	0	8.2	0	8.2	0	0	8.2	0	0
3924 Transportation - Other	63,465	49,848	5.8	3,681	1.9	1,206	(2,475)	1.9	1,206	(2,475)
393 Stores Equipment	29,458	9,064 *	3.8	1,133	3.8	1,133	0	3.8	1,133	0
394 Tools, Shop & Garage Equipment	1,366,809	464,715 *	6.7	91,121	6.7	91,121	0	6.7	91,121	0
395 Laboratory Equipment	0	0 *	5.0	0	5.0	0	0	5.0	0	0
396 Power Operated Equipment	1,789,042	1,057,166	5.1	91,241	4.0	71,562	(19,679)	4.0	71,562	(19,679)
397 Communication Equipment	2,351,047	1,030,934 *	7.7	180,850	7.7	180,850	0	7.7	180,850	0
398 Miscellaneous Equipment	368,904	247,387 *	5.9	21,700	5.9	21,700	0	5.9	21,700	0
399 Miscellaneous Tangible	0	0	20.0	0	20.0	0	0	20.0	0	0
<b>Total General Plant</b>	<b>37,763,561</b>	<b>12,528,307</b>		<b>2,295,644</b>		<b>2,051,173</b>	<b>(244,471)</b>		<b>2,051,173</b>	<b>(244,471)</b>
<b>Revised General Plant Amortization</b>						<b>288,819</b>	<b>288,819</b>		<b>288,819</b>	<b>288,819</b>
<b>Total Plant</b>	<b>576,463,248</b>	<b>141,617,744</b>		<b>14,894,691</b>		<b>13,368,910</b>	<b>(1,525,781)</b>		<b>12,982,316</b>	<b>(1,912,375)</b>

\* Reserve Balance reflects the Projected Theoretical Reserve Balance computed on Sch. E

\*\* OPC recommended remaining lives adjusted to reflect corrections in Revised Exhibit PSL-2. Depreciation rates have been calculated in accord with Rule 25-7.045 (1)(e).

**FLORIDA GAS COMPANIES AVERAGE SERVICE LIVES UNDERLYING PRESCRIBED AVERAGE REMAINING LIVES  
 AND GARRETT PEER COMPANIES OUTSIDE FLORIDA**

	Florida Gas Companies				Garrett's Non-Florida Companies@@@			Average	OPC Proposed@	FPUC Current	FPUC Proposed
	St Joe*	Peoples Gas**	FCG****	Sebring Gas*****	Liberty@@	NIPSCO	PNG				
	ASL	ASL	ASL	ASL				ASL	ASL	ASL	ASL
<b>DISTRIBUTION PLANT</b>											
378 Measuring and Regulating Equip. - General	35	40	30	33	51	55	55	43	46	31	40
379 Measuring and Regulating Equip. - City Gate	35	50	35	32	51	55	55	45	49	32	40
3801 Services - Plastic	42	52	54	40	52	68	60	53	57	55	55
380G Services - GRIP	42	52	54	40	52	68	60	53	57	55	55
381 Meters	25	19	20	25	38	36	29	27	30	28	28

\* Order No. PSC-2018-0368-PAA-GU  
 \*\* Order No. PSC-2020-0485-FOF-GU  
 \*\*\* Order No, PSC-2018-0190-FOF-GU  
 \*\*\*\* Order No. PSC-2022-0153-PAA-GU  
 @ Direct Testimony of David J. Garrett, Exhibit DJG-21  
 @@ Final Order, Applicaton of Liberty Utilities (Peach State Natural Gas), Docket NO 42959, before the Georgia Public Service Commission, Exhibit B  
 @@@ Direct Testimony of David J. Garrett, Exhibit DJG-19

### Remaining Life Determination

- Account 376.2 – S3, 65 Age = 22.2 years

Projection Life 65 years	
S3 Curve	
Age	Remaining Life
21.5	43.56
22.2	X
22.5	42.58

$$(22.2-21.5)/(22.5-21.5) = (X-43.56)/(42.58-43.56)$$

$$0.7/1 = (X-43.56)/-0.98$$

$$X-43.56 = -0.686$$

$$X = 42.8 \text{ rounded to 43 years}$$

- Account 380.2 – S2, 60 Age = 26.3 years

Projection Life 60 years	
S2 Curve	
Age	Remaining Life
25.5	35.69
26.3	X
26.5	34.86

$$(26.3-25.5)/(26.5-25.5) = (X-35.69)/(34.86-35.69)$$

$$0.8/1 = (X-35.69)/-0.83$$

$$X-35.69 = -0.664$$

$$X = 35.03 \text{ rounded to 35 years}$$

- Account 381.1 – R3, 28 Age = 12.1 years

Projection Life 28 years	
R3 Curve	
Age	Remaining Life
11.5	17.19
12.1	X
12.5	16.33

$$(12.1-11.5)/(12.5-11.5) = (X-17.19)/(16.33-17.19)$$

$$0.6/1 = (X-17.19)/-0.86$$

$$X-17.19 = -0.516$$

$$X = 16.67 \text{ rounded to } 16.7 \text{ years}$$

- Account 384 – S3, 45 Age = 23.0 years

Projection Life 45 years	
S3 Curve	
Age	Remaining Life
22.5	22.97
23.0	X
23.5	22.09

$$(23.0-22.5)/(23.5-22.5) = (X-22.97)/(22.09-22.97)$$

$$0.5/1 = (X-22.97)/-0.88$$

$$X-22.97 = -0.044$$

$$X = 22.5 \text{ rounded to } 23 \text{ years}$$

- Account 385 – R3, 38 Age = 22.3 years

Projection Life 38 years	
R3 Curve	
Age	Remaining Life
21.5	18.41
22.3	X
22.5	17.62

$$(22.3-21.5)/(22.5-21.5) = (X-18.41)/(17.62-18.41)$$

$$0.8/1 = (X-18.41)/-0.79$$

$$X-18.41 = -0.632$$

$$X = 17.78 \text{ rounded to } 17.8 \text{ years}$$