



**GUNSTER**  
FLORIDA'S LAW FIRM FOR BUSINESS

Writer's Direct Dial Number: (850) 521-1706  
Writer's E-Mail Address: bkeating@gunster.com

August 2, 2022

**BY E-PORTAL**

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

**Re: Docket No. 20220049-EI: Review of Storm Protection Plan pursuant to Rule 25-6.030,  
F.A.C., Florida Public Utilities Company**

Dear Mr. Teitzman:

Attached for filing on behalf of Florida Public Utilities Company, please find the following documents correcting the Rebuttal Testimony of Robert C. Waruszewski consistent with Order No. PSC-2022-0292-PCO-EI:

- Errata of Robert C. Waruszewski
- Attachment 1 – Rebuttal Testimony of Robert C. Waruszewski [type/strike version].
- Attachment 2 – Rebuttal Testimony of Robert C. Waruszewski [clean version with Exhibit RCW-1, originally filed June 21, 2022 (04173-2022)].

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,

Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706

cc:(Certificate of Service)

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Review of Storm Protection Plan  
pursuant to Rule 25-6.030, F.A.C., Florida  
Public Utilities Company

DOCKET NO. 20220049-EI

DATED: August 2, 2022

**FLORIDA PUBLIC UTILITIES COMPANY'S  
ERRATA SHEET TO THE REBUTTAL TESTIMONY OF ROBERT WARUSZEWSKI**

Consistent with Order No. PSC- 2022-0292-PCO-EI, issued August 1, 2022, Florida Public Utilities Company ("FPUC") hereby submits this Errata Sheet to correct the Rebuttal Testimony of its witness Robert Waruszewski consistent with the Prehearing Officer's Order on the Motions to Strike. The portions of Mr. Waruszewski's Rebuttal Testimony addressed by this Errata are responsive to the stricken portions of the Office of Public Counsel's Witness Kollen's testimony.

| <b>Page and Line Number</b> | <b>Correction</b> |
|-----------------------------|-------------------|
| Page 4, Lines 1-22          | Strike all        |
| Page 5, Lines 1-23          | Strike all        |
| Page 6, Lines 1-23          | Strike all        |
| Page 7, Lines 1-22          | Strike all        |
| Page 8, Lines 1-8           | Strike all        |

Attached hereto as Attachment 1, is a copy of Mr. Waruszewski's Rebuttal Testimony with the indicated corrections in strike-through format. Also attached, as Attachment 2, is Mr. Waruszewski's Rebuttal Testimony in a clean version with the stricken portions removed. For

purposes of the record, the pages and line numbers have been maintained consistent with the original version filed on June 21, 2022. FPUC reserves, however, its right to offer the complete Rebuttal Testimony of Mr. Waruszewski, as originally filed, depending upon further action as it relates to Order No. PSC-2022-0292-PCO-EI.

Respectfully submitted this 2<sup>nd</sup> day of August, 2022,

By: 

Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706

*Attorneys for Florida Public Utilities Company*

**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by Electronic Mail to the following parties of record this 1<sup>st</sup> day of August, 2022.

|  |  |
|--|--|
| Jacob Imig<br>Walt Trierweiler<br>Lee Eng Tan<br>Florida Public Service Commission<br>2540 Shumard Oak Boulevard<br>Tallahassee, FL 32399-0850<br><a href="mailto:jimig@psc.state.fl.us">jimig@psc.state.fl.us</a><br><a href="mailto:wtrierwe@psc.state.fl.us">wtrierwe@psc.state.fl.us</a><br><a href="mailto:ltan@psc.state.fl.us">ltan@psc.state.fl.us</a>   | Mike Cassel<br>Florida Public Utilities Company<br>208 Wildlight Ave.<br>Yulee, FL 32097<br><a href="mailto:mcassel@fpuc.com">mcassel@fpuc.com</a> |
| Richard Gentry/P. Christensen/A.<br>Pirrello/S. Morse/Charles Rehwinkel/Mary<br>Wessling<br>Office of Public Counsel<br>c/o The Florida Legislature<br>111 W. Madison Street, Room 812<br>Tallahassee, FL 32399-1400<br><a href="mailto:Gentry.Richard@leg.state.fl.us">Gentry.Richard@leg.state.fl.us</a><br><a href="mailto:Rehwinkel.Charles@leg.state.fl.us">Rehwinkel.Charles@leg.state.fl.us</a><br><a href="mailto:Christensen.patty@leg.state.fl.us">Christensen.patty@leg.state.fl.us</a><br><a href="mailto:Morse.stephanie@leg.state.fl.us">Morse.stephanie@leg.state.fl.us</a><br><a href="mailto:Pirrello.Anastacia@leg.state.fl.us">Pirrello.Anastacia@leg.state.fl.us</a><br><a href="mailto:Wessling.Mary@leg.state.fl.us">Wessling.Mary@leg.state.fl.us</a> |  |

By:   
Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706

**ATTACHMENT 1**

Docket No. 20220049-EI

Rebuttal Testimony of Robert Chester Waruszewski

On Behalf of

Florida Public Utilities Company

Date of Filing: June 21, 2022 [Corrected by Errata: August 2 2022]

*Type/Strike*

1                                    **Before the Florida Public Service Commission**

2                                    Docket No. 20220049-EI

3                                    In re: Petition for Review of Storm Protection Plan

4                                    Rebuttal Testimony of Robert Chester Waruszewski

5                                    On Behalf of

6                                    Florida Public Utilities Company

7                                    Date of Filing: June 21, 2022 [Corrected by Errata: August 2, 2022]

8    **I.    Background**

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

10   A.    My name is Robert C. Waruszewski. My business address is 500 Energy Lane, Suite  
11        100, Dover, Delaware 19901.

12   **Q.    By whom are you employed and in what capacity?**

13   A.    I am employed by Chesapeake Utilities Corporation as Regulatory Manager, South.

14   **Q.    Briefly state your education background and employment experience.**

15   A.    I received a Bachelor of Science Degree in mathematics and economics from St.  
16        Vincent College, Latrobe, Pennsylvania. After graduation, I worked as a junior  
17        accounting clerk for the Bank of New York Mellon, assisting in the preparation of  
18        audits as well as gathering local tax data for the bank's employees before joining  
19        Columbia Gas of Pennsylvania in November 2011 in the Regulatory Department.  
20        There, I prepared rate case and gas cost filings and in 2013, I was promoted to Senior  
21        Regulatory Analyst. I joined Peoples Natural Gas, a distribution company operating  
22        in Pennsylvania, West Virginia, and Kentucky in December 2017, as the Senior Rates  
23        and Regulatory Analyst, where I was responsible for assisting in budget preparation

1 and compiling regulatory filings for the Company's Pennsylvania and West Virginia  
2 affiliates. I was subsequently promoted to Finance and Rates Analyst IV. In January  
3 2022, I joined Chesapeake Utilities Corporation where my responsibilities include  
4 monthly filing of the Purchase Gas Adjustment (PGA), and other regulatory filings  
5 and analysis.

6 **Q. Have you testified before this or any other Commission?**

7 A. Yes, I provided testimony in FPUC's PGA True-Up filing at Docket No. 20220003-  
8 GU. In addition, I have testified before the Pennsylvania Public Utility Commission  
9 in various gas cost proceedings for Peoples Natural Gas and in various Columbia Gas  
10 of Pennsylvania rate proceedings. In addition, I have testified before the Public Service  
11 Commission of Maryland on several occasions on behalf of Columbia Gas of  
12 Maryland.

13 **Q. Did you file direct testimony in this proceeding?**

14 A. No, I did not.

15 **II. Purpose of Testimony**

16 **Q. What is the purpose of your testimony?**

17 A. The purpose of my testimony is to rebut various conclusions contained in the direct  
18 testimony of the Office of Public Counsel's ("OPC") witness Lane Kollen pertaining  
19 to the analysis of new programs proposed by FPUC in its Storm Protection Plan  
20 ("SPP") petition.

21 **Q. Are you sponsoring any exhibits?**

22 A. Yes, I am sponsoring Exhibit RCW-1, which is a revised schedule submitted to remove  
23 the VA transformer project from FPUC's SPP revenue requirement.

1    **Q.     Do you agree with Witness Kollen’s recommendations and assessments?**

2    A.     I do agree with some, but certainly not all of Witness Kollen’s recommendations. In  
3           this testimony, I will address the key items that I disagree with, as well as certain points  
4           upon which I agree with Witness Kollen. To be clear, however, for any other  
5           particulars of Witness Kollen’s testimony that I do not specifically address, such  
6           absence from this testimony should not be construed to mean that I either agree or  
7           disagree with Witness Kollen.

8    **Q.     On page 9, lines 1 – 8, of his direct testimony, Witness Kollen recommends that**  
9           **“The Commission should apply rational and specific decision criteria to the**  
10          **selection, ranking, and magnitude of the proposed programs and projects and**  
11          **apply those decision criteria consistently to all four utilities in these proceedings.”**  
12          **Do you agree with this recommendation?**

13   A.     No. Mr. Kollen applies an overly broad interpretation of 26-6.030 Florida  
14          Administrative Code (“F.A.C”). The Commission should, of course, apply rational  
15          and specific decision criteria, but the criteria should also recognize that each utility  
16          operates in its own unique service area and has different operational needs. For  
17          example, FPUC’s service territory and customer base is much smaller and more rural  
18          than the other utilities in this proceeding. Thus, FPUC has unique needs not  
19          experienced by the other utilities. While Section 366.96(4), Fla. Stat. provides the  
20          four items for the Commission to consider when evaluating the storm protection plan,  
21          the Commission should have the discretion of how this applies to each utility and avoid  
22          a one size fits all approach.



1 ~~Q. — On page 9, lines 16-22, Witness Kollen asserts that, through the implementation~~  
2 ~~of the various Storm Protection Programs and projects, the utilities will achieve~~  
3 ~~cost savings through avoided costs and that these savings should be passed on to~~  
4 ~~customers either through a reduction to base rates or the SPPCRC. Do you agree~~  
5 ~~with this recommendation?~~

6 ~~A. — While I agree with Witness Kollen that the completion of the proposed SPP projects~~  
7 ~~will result in cost savings for customers in the long run, there is no way to quantify~~  
8 ~~from a monetary perspective the savings that will be achieved through this process. As~~  
9 ~~a result, there should not be an adjustment to base rates to reflect future savings as they~~  
10 ~~are unknown at this time. While the Company expects future restoration costs from~~  
11 ~~severe storms to be lower by completing these storm projection programs and~~  
12 ~~enhancing system reliability, there is no reasonable way to quantify the savings~~  
13 ~~amount, since the restoration costs related to a severe storm are related to the timing~~  
14 ~~and damage of the storm in the future.~~

15 ~~Nonetheless, FPUC believes that customers will ultimately benefit from the proposed~~  
16 ~~SPP projects, both in terms of reduced outages and reduced restoration costs, which~~  
17 ~~will be realized by the customers through enhanced reliability, as well as reduced~~  
18 ~~storm damage and restoration costs that could be expected to be passed on to customers~~  
19 ~~following a storm through a surcharge or other mechanism. FPUC believes that the~~  
20 ~~proactive approach of its SPP, which contemplates upgrading the system~~  
21 ~~incrementally over a span of time prior to a severe storm occurrence is a more cost-~~  
22 ~~effective way of maintaining the reliability of the electrical system than having to~~

1 replace a significant portion of the system in a rapid manner after a severe storm event  
2 occurs.

3  
4 ~~Q. Do you agree with Witness Kollen's recommendation on page 10 of his direct~~  
5 ~~testimony that the Commission reject all proposed projects that do not have a~~  
6 ~~benefit-to-cost ratio of 100%?~~

7 ~~A. No. My understanding of the definition of the SPP, as found in Section (2)(a) of 25-~~  
8 ~~6.030 F.A.C. is that projects included in the SPP are to enhance FPUC's infrastructure~~  
9 ~~for the purpose of reducing restoration costs and outage times and to improve the~~  
10 ~~Company's overall service reliability in the event of a storm. However, Mr. Kollen~~  
11 ~~appears to add an additional requirement to the evaluation of each project, a benefit~~  
12 ~~ratio of 100%. It is not immediately clear how Mr. Kollen came up with a benefit ratio~~  
13 ~~of 100%, nor how that is to be applied in the instance of projects in the SPP. If a~~  
14 ~~customer of FPUC experiences reduced restoration costs and shorter outage times as~~  
15 ~~a result of the projects contained in the SPP, then, I would expect that most customers~~  
16 ~~would perceive that result to be 100% better than sitting in the dark in the Florida heat~~  
17 ~~waiting on restoration following an extreme weather event.~~

18 ~~Q. How should the Commission evaluate the prudence of the proposed projects?~~

19 ~~The Company does not believe a quantification of estimated benefits vs costs of~~  
20 ~~enhanced storm protection is a meaningful guide on its own to assessing the prudence~~  
21 ~~of a project, in part because the benefits to be achieved are wide ranging and not easily~~  
22 ~~quantified. As stated in the statute, the estimated costs and benefits of making~~  
23 ~~improvements to the system are criteria the Commission is to consider, along with~~

1        ~~reduced restoration costs and outage times, feasibility, reasonability and practicality~~  
2        ~~of storm protection, as well as the estimated rate impact on customers. These criteria~~  
3        ~~clearly provide a sufficient basis for the Commission to assess FPUC's SPP while also~~  
4        ~~recognizing the Commission's regulatory expertise and its discretion to apply its~~  
5        ~~assessment in the appropriate context.~~

6        ~~Q. — On page 11, lines 1 and 2 of his direct testimony, Witness Kollen recommends~~  
7        ~~that costs associated with vegetation management and pole inspections be moved~~  
8        ~~from base rates to SPPCRC to ensure that costs are not double recovered. Do you~~  
9        ~~agree with this recommendation?~~

10      ~~A. — Yes, this is ultimately the Company's long-term intent, which the Company would~~  
11      ~~anticipate addressing in its next base rate proceeding. In the interim, the Company~~  
12      ~~agrees that there should be no "double recovery" of costs and therefore has only~~  
13      ~~contemplated recovery of incremental amounts associated with certain items for which~~  
14      ~~a portion is already recovered through base rates.~~

15      ~~Q. — Do you agree with Witness Kollen's statement on Pages 22 and 23 of his direct~~  
16      ~~testimony that the Company incorrectly included costs incurred prior to the~~  
17      ~~approval of the SPP in its SPP revenue requirement?~~

18      ~~A. — The Company agrees with Mr. Kollen that the 75m VA transformer project was~~  
19      ~~erroneously included in the revenue requirement and had revised the revenue~~  
20      ~~requirement to remove this project, since it already had been placed in service prior to~~  
21      ~~2022. This revision was provided in Attachment B to OPC's Second Set of~~  
22      ~~Interrogatories and is provided as Exhibit RCW-1 to my rebuttal testimony. However,~~  
23      ~~the Company believes that the estimated engineering and planning costs for 2022 SPP~~

1 projects are appropriate to include within the SPP revenue requirement. These  
2 estimated engineering and planning costs would be incurred subsequent to the April  
3 11, 2022, filing of FPUC's SPP, and are therefore eligible for recovery under Rule 25-  
4 6.031(6)(a), Florida Administrative Code.

5 ~~Q. Do you agree with Witness Kollen's assertion on page 23, line 3, that FPUC~~  
6 ~~improperly included depreciation expense on CWIP?~~

7 ~~A. The original schedule was designed as a high-level investment and did not reflect~~  
8 ~~details related to CWIP within the overall calculation. The Company agrees that CWIP~~  
9 ~~should not be included as a part of depreciation expense and has not included CWIP~~  
10 ~~in the computation of depreciation expense in the recently submitted 2022 E and 2023~~  
11 ~~P schedules at Docket No. 20220010-EI.~~

12 ~~Q. Do you agree with Witness Kollen's statement on page 23, line 4, that FPUC~~  
13 ~~improperly included property tax expense on CWIP?~~

14 ~~A. In the Company's original filing, it was assumed that CWIP projects would be closed~~  
15 ~~out annually, and therefore, there would not be CWIP balances. In the Company's~~  
16 ~~2022 E and 2023 P schedules submitted in Docket No. 20220010-EI, which contain a~~  
17 ~~more detailed calculation of the SPP costs and revenue requirement, the Company has~~  
18 ~~not reflected property tax expense on CWIP.~~

19 ~~Q. Do you agree with Witness Kollen's statement on page 23, lines 5-12 that FPUC~~  
20 ~~has overstated its costs for SPP by including vegetation management?~~

21 ~~A. No. The original schedule was designed as a high-level estimate of total investments~~  
22 ~~related to storm protection. As stated earlier in my testimony, it is not the Company's~~

1           ~~intent to double recover any costs related to vegetation management, but only the~~  
2           ~~incremental costs related to this program that are not already included in base rates.~~

3       ~~Q. — Do you agree with Witness Kollen's recommendation on pages 25 and 26 of his~~  
4           ~~direct testimony to exclude CWIP from rate base and defer it as either AFUDC~~  
5           ~~or a miscellaneous deferred debit?~~

6       ~~A. — While the Company believes this is outside the scope of this proceeding and should be~~  
7           ~~handled in the SPPCRC proceeding, the Company is not opposed to excluding CWIP~~  
8           ~~from rate base and deferring it until the plant is placed in service.~~

9       Q.     Does this conclude your testimony?

10      A.     Yes.

**ATTACHMENT 2**

Docket No. 20220049-EI

Rebuttal Testimony of Robert Chester Waruszewski

On Behalf of

Florida Public Utilities Company

Date of Filing: June 21, 2022, [Corrected by Errata: August 2, 2022]

*Clean*

1                                    **Before the Florida Public Service Commission**

2                                    Docket No. 20220049-EI

3                                    In re: Petition for Review of Storm Protection Plan

4                                    Rebuttal Testimony of Robert Chester Waruszewski

5                                    On Behalf of

6                                    Florida Public Utilities Company

7                                    Date of Filing: June 21, 2022 [Corrected by Errata: August 2, 2022]

8    **I.    Background**

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

10   A.    My name is Robert C. Waruszewski. My business address is 500 Energy Lane, Suite  
11        100, Dover, Delaware 19901.

12   **Q.    By whom are you employed and in what capacity?**

13   A.    I am employed by Chesapeake Utilities Corporation as Regulatory Manager, South.

14   **Q.    Briefly state your education background and employment experience.**

15   A.    I received a Bachelor of Science Degree in mathematics and economics from St.  
16        Vincent College, Latrobe, Pennsylvania. After graduation, I worked as a junior  
17        accounting clerk for the Bank of New York Mellon, assisting in the preparation of  
18        audits as well as gathering local tax data for the bank's employees before joining  
19        Columbia Gas of Pennsylvania in November 2011 in the Regulatory Department.  
20        There, I prepared rate case and gas cost filings and in 2013, I was promoted to Senior  
21        Regulatory Analyst. I joined Peoples Natural Gas, a distribution company operating  
22        in Pennsylvania, West Virginia, and Kentucky in December 2017, as the Senior Rates  
23        and Regulatory Analyst, where I was responsible for assisting in budget preparation

1 and compiling regulatory filings for the Company's Pennsylvania and West Virginia  
2 affiliates. I was subsequently promoted to Finance and Rates Analyst IV. In January  
3 2022, I joined Chesapeake Utilities Corporation where my responsibilities include  
4 monthly filing of the Purchase Gas Adjustment (PGA), and other regulatory filings  
5 and analysis.

6 **Q. Have you testified before this or any other Commission?**

7 A. Yes, I provided testimony in FPUC's PGA True-Up filing at Docket No. 20220003-  
8 GU. In addition, I have testified before the Pennsylvania Public Utility Commission  
9 in various gas cost proceedings for Peoples Natural Gas and in various Columbia Gas  
10 of Pennsylvania rate proceedings. In addition, I have testified before the Public Service  
11 Commission of Maryland on several occasions on behalf of Columbia Gas of  
12 Maryland.

13 **Q. Did you file direct testimony in this proceeding?**

14 A. No, I did not.

15 **II. Purpose of Testimony**

16 **Q. What is the purpose of your testimony?**

17 A. The purpose of my testimony is to rebut various conclusions contained in the direct  
18 testimony of the Office of Public Counsel's ("OPC") witness Lane Kollen pertaining  
19 to the analysis of new programs proposed by FPUC in its Storm Protection Plan  
20 ("SPP") petition.

21 **Q. Are you sponsoring any exhibits?**

22 A. Yes, I am sponsoring Exhibit RCW-1, which is a revised schedule submitted to remove  
23 the VA transformer project from FPUC's SPP revenue requirement.



1     **Q.     Do you agree with Witness Kollen’s recommendations and assessments?**

2     A.     I do agree with some, but certainly not all of Witness Kollen’s recommendations. In  
3           this testimony, I will address the key items that I disagree with, as well as certain points  
4           upon which I agree with Witness Kollen. To be clear, however, for any other  
5           particulars of Witness Kollen’s testimony that I do not specifically address, such  
6           absence from this testimony should not be construed to mean that I either agree or  
7           disagree with Witness Kollen.

8     **Q.     On page 9, lines 1 – 8, of his direct testimony, Witness Kollen recommends that**  
9           **“The Commission should apply rational and specific decision criteria to the**  
10          **selection, ranking, and magnitude of the proposed programs and projects and**  
11          **apply those decision criteria consistently to all four utilities in these proceedings.”**  
12          **Do you agree with this recommendation?**

13    A.     No. Mr. Kollen applies an overly broad interpretation of 26-6.030 Florida  
14          Administrative Code (“F.A.C”). The Commission should, of course, apply rational  
15          and specific decision criteria, but the criteria should also recognize that each utility  
16          operates in its own unique service area and has different operational needs. For  
17          example, FPUC’s service territory and customer base is much smaller and more rural  
18          than the other utilities in this proceeding. Thus, FPUC has unique needs not  
19          experienced by the other utilities. While Section 366.96(4), Fla. Stat. provides the  
20          four items for the Commission to consider when evaluating the storm protection plan,  
21          the Commission should have the discretion of how this applies to each utility and avoid  
22          a one size fits all approach.

23

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

1

2

3

4

5

6

7

8

9     **Q.**     Does this conclude your testimony?

10    **A.**     Yes.

**Florida Public Utilities - Electric Division  
Storm Protection Plan Cost Recovery Clause  
Estimated Period: 2022 to 2031  
Return on Capital Investments, Depreciation and Taxes**

| Line  | Rates   | 2022               | 2023               | 2024                | 2025                | 2026                 | 2027                 | 2028                 | 2029                 | 2030                 | 2031                 | Year End<br>Total/Balance |
|---|---------|--------------------|--------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------------|
| 1 Capital Investments                             |         | \$2,313,740        | \$6,700,124        | \$16,863,999        | \$54,232,395        | \$53,198,125         | \$19,949,099         | \$19,614,922         | \$19,798,577         | \$25,250,053         | \$25,198,364         | <b>\$243,119,398</b>      |
| 2 Estimated Beginning Net Qualified Investment    |         | \$0                | \$2,283,892        | \$8,838,655         | \$25,257,056        | \$78,138,175         | \$128,633,986        | \$145,006,861        | \$160,627,436        | \$176,026,272        | \$196,408,954        |                           |
| Estimated Ending Net Qualified Investment         |         | <u>\$2,283,892</u> | <u>\$8,838,655</u> | <u>\$25,257,056</u> | <u>\$78,138,175</u> | <u>\$128,633,986</u> | <u>\$145,006,861</u> | <u>\$160,627,436</u> | <u>\$176,026,272</u> | <u>\$196,408,954</u> | <u>\$216,214,721</u> |                           |
| Estimated Average Net Qualified Investment        |         | \$1,141,946        | \$5,561,274        | \$17,047,856        | \$51,697,615        | \$103,386,080        | \$136,820,424        | \$152,817,149        | \$168,326,854        | \$186,217,613        | \$206,311,837        |                           |
| 3 Return on Average Net Qualified Investment      |         |                    |                    |                     |                     |                      |                      |                      |                      |                      |                      |                           |
| Equity Component - Grossed-Up for Taxes           | 7.1300% | \$81,421           | \$396,519          | \$1,215,512         | \$3,686,040         | \$7,371,428          | \$9,755,296          | \$10,895,863         | \$12,001,705         | \$13,277,316         | \$14,710,034         | \$73,391,134              |
| Debt Component                                    | 0.8200% | \$9,364            | \$45,602           | \$139,792           | \$423,920           | \$847,766            | \$1,121,927          | \$1,253,101          | \$1,380,280          | \$1,526,984          | \$1,691,757          | \$8,440,493               |
| Return Requirement                                |         | <u>\$90,785</u>    | <u>\$442,121</u>   | <u>\$1,355,304</u>  | <u>\$4,109,960</u>  | <u>\$8,219,194</u>   | <u>\$10,877,223</u>  | <u>\$12,148,964</u>  | <u>\$13,381,985</u>  | <u>\$14,804,300</u>  | <u>\$16,401,791</u>  | <u>\$81,831,627</u>       |
| 4 Investment Expenses                             |         |                    |                    |                     |                     |                      |                      |                      |                      |                      |                      |                           |
| Depreciation Expense                              | 2.58%   | \$29,848           | \$145,361          | \$445,598           | \$1,351,277         | \$2,702,314          | \$3,576,224          | \$3,994,347          | \$4,399,741          | \$4,867,371          | \$5,392,596          | \$26,904,677              |
| Amortization Expense                              |         |                    |                    |                     |                     |                      |                      |                      |                      |                      |                      | \$0                       |
| Property Taxes                                    | 2.00%   | \$0                | \$45,678           | \$176,773           | \$505,141           | \$1,562,763          | \$2,572,680          | \$2,900,137          | \$3,212,549          | \$3,520,525          | \$3,928,179          | \$18,424,425              |
| Other   |         |                    |                    |                     |                     |                      |                      |                      |                      |                      |                      | \$0                       |
| Total Expense                                     |         | <u>\$29,848</u>    | <u>\$191,039</u>   | <u>\$622,371</u>    | <u>\$1,856,418</u>  | <u>\$4,265,077</u>   | <u>\$6,148,904</u>   | <u>\$6,894,484</u>   | <u>\$7,612,290</u>   | <u>\$8,387,896</u>   | <u>\$9,320,775</u>   | <u>\$45,329,102</u>       |
| 5 Total System Recoverable Expenses (Lines 3 + 4) |         | <u>\$120,633</u>   | <u>\$633,160</u>   | <u>\$1,977,675</u>  | <u>\$5,966,378</u>  | <u>\$12,484,271</u>  | <u>\$17,026,127</u>  | <u>\$19,043,448</u>  | <u>\$20,994,275</u>  | <u>\$23,192,196</u>  | <u>\$25,722,566</u>  | <u>\$127,160,729</u>      |