BEFORE THE

DELAWARE PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

DANE WATSON

TIDEWATER UTILTIES, INC.

EXHIBIT T-8

November 2026

TABLE OF CONTENTS

EXECUTIVE SUMMARY OF DANE A. WATSON ES-1
I. INTRODUCTION 1
II. PURPOSE OF DIRECT TESTIMONY 3
III. TIDEWATER DEPRECIATION STUDY.....10
IV. CONCLUSION.....18

LIST OF EXHIBITS

EXHIBIT DAW-1	Dane Watson, List of Testimony Appearances
EXHIBIT DAW-2	Tidewater Utilities, Inc. Depreciation Rate Study At December 31, 2025

EXECUTIVE SUMMARY OF DANE A. WATSON

Tidewater Utilities, Inc. (or "Tidewater" or the "Company") engaged Alliance Consulting Group to conduct a depreciation study of the Company's depreciable assets for its statewide water operations as of December 31, 2025. In the last proceeding, PSC Docket No. 99-466, the Commission Staff recommended performing a depreciation study since the most recent study was performed in 1999. The existing depreciation rates were derived nearly 27 years ago, which is outside the normal industry cycle for depreciation studies. The Company's existing depreciation rates contain an accrual for net salvage. This study uses a five-year historical average of net salvage amount rather than the traditional approach that includes an accrual for net salvage in the computation of the annual depreciation rates. The five-year average of net salvage methodology has been used in other recent Delaware jurisdiction water rate filings[1]. Additionally, this study proposes to implement vintage amortization for several general plant accounts. Vintage amortization eliminates the unitization and record keeping requirements associated with individual items of property and allowing companies to record only the total cost of plant additions for the year as a vintage group for each account.

The currently approved depreciation rates (developed nearly 27 years ago) are no longer reasonable based on the discussion found in the Depreciation Study report and the resulting rates in the current depreciation study. Based on my testimony and exhibits, the accrual rates I recommend are reasonable and should be adopted for the Company assets.

[1] Docket 19-0615 (Veolia Delaware), Docket 25-0037 (Veolia Delaware).

EXHIBIT-8

DIRECT TESTIMONY OF DANE A. WATSON

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

A. My name is Dane A. Watson. I am a Partner in Alliance Consulting Group ("Alliance"). Alliance provides consulting and expert services to the utility industry. My business address is 101 E. Park Blvd, Suite 220, Plano, Texas 75074.

Q. WHAT IS YOUR EDUCATIONAL BACKGROUND?

A. I hold a Bachelor of Science degree in Electrical Engineering from the University of Arkansas at Fayetteville and a Master's Degree in Business Administration from Amberton University.

Q. DO YOU HOLD ANY SPECIAL CERTIFICATION AS A DEPRECIATION EXPERT?

A. Yes. The Society of Depreciation Professionals ("the Society" or "SDP") has established national standards for depreciation professionals. The Society administers an examination and has certain required qualifications to become certified in this field. I have met all requirements and am a Certified Depreciation Professional ("CDP") and have been a CDP since 2004.

Q. PLEASE OUTLINE YOUR EXPERIENCE IN THE FIELD OF DEPRECIATION.

A. Since graduating from college in 1985, I have worked in the area of depreciation and valuation. I founded Alliance in 2004 and am responsible for conducting depreciation, valuation, and certain accounting-related studies for utilities in

various industries. My duties related to depreciation studies include the assembly and analysis of historical and simulated data, conducting field reviews, determining service life and net salvage estimates, calculating annual depreciation, presenting recommended depreciation rates to utility management for its consideration, and supporting such rates before regulatory bodies.

My prior employment from 1985 to 2004 was with Texas Utilities ("TXU"). During my tenure with TXU, I was responsible for, among other things, conducting valuation and depreciation studies for the domestic TXU companies. During that time, I also served as Engineering Manager and Manager of Property Accounting Services and Records Management in addition to my depreciation responsibilities.

I have twice been Chair of the Edison Electric Institute ("EEI") Property Accounting and Valuation Committee and have been Chairman of EEI's Depreciation and Economic Issues Subcommittee. I am a Registered Professional Engineer in the State of Texas and a Certified Depreciation Professional. I am a Senior Member of the Institute of Electrical and Electronics Engineers ("IEEE") and served for several years as an officer of the Executive Board of the Dallas Section of IEEE as well as national and worldwide offices. I have served as President of the SDP twice.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY REGULATORY BODIES?

A. Yes. In my 40-year career, I have conducted depreciation studies, filed written testimony and/or testified in more than 320 cases before more than forty different state and regulatory agencies across the United States. I have appeared before the

Delaware Public Service Commission in prior proceedings for Suez Water Delaware in Docket 19-0615; and Veolia Delaware in Docket 25-0037. A list of my appearances is shown in Exhibit DAW-1. The methodology I used in both the Veolia Delaware Depreciation Study and in this Tidewater Depreciation Study are identical. I have also appeared in Federal Energy Regulatory Commission Docket No. 02-7-00 as a panelist on asset retirement obligations.

II. PURPOSE OF DIRECT TESTIMONY

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

A. I sponsor and support the depreciation study I performed for Tidewater and for its water assets ("Tidewater Depreciation Study"). The depreciation study, attached as Exhibit DAW-2, produces the depreciation rates used to determine the depreciation expense for Tidewater assets and included in this filing.

Q. HAVE YOU PREPARED ANY EXHIBITS IN CONNECTION WITH YOUR TESTIMONY?

A. Yes. I have prepared or supervised the preparation of the exhibits listed in the table of contents.

Q. WHAT IS THE DEFINITION OF DEPRECIATION USED BY PUBLIC UTILITIES?

A. The most widely recognized utility accounting definition of depreciation is that of the American Institute of Certified Public Accountants, which states:

> Depreciation accounting is a system of accounting which aims to distribute the cost or other basic value of tangible capital assets, less salvage (if any), over the estimated useful life of the unit

> (which may be a group of assets) in a systematic and rational manner. It is a process of allocation, not of valuation.[2]

Depreciation expense is systematically allocated to accounting periods over the life of the assets/properties. The amount allocated to a single accounting period does not necessarily represent the loss or decrease in value that will occur during a particular period. Thus, depreciation is considered an expense or cost to provide for the loss in service value, rather than a loss or decrease in market value at a particular date in time. The Utility accrues depreciation expense based on the original cost of all property included in each depreciable plant account.

Public utilities generally maintain a depreciation reserve (also known as accumulated depreciation) on a group basis, meaning that groups are created at a plant account level. Depreciation expense is charged monthly to each group's depreciation reserve using the depreciation accrual rates approved by the regulatory body. When an asset retires (before, after, or right at the average service life), the full cost of the retirement is subtracted from the depreciation reserve. Because the depreciation rate is based on an average life, the individual asset is assumed to be fully depreciated at retirement. Any gross salvage for an asset is then added to the accumulated depreciation whereas any cost of removal is deducted from the depreciation reserve. This methodology has been approved by the Delaware Public Service Commission (DPSC) for Tidewater as well as other regulated entities under its jurisdiction and it is the process Tidewater uses for these items. Thus, in

[2] Accounting Research Bulletin No. 43, Chapter 9, Paragraph 5 (June 1953).

accounting for regulated entities, the full cost of depreciable property on retirement, less the net salvage amount, if any, is charged to the depreciation reserve.

Q. IS THERE A STANDARD APPROACH TO CONDUCTING A DEPRECIATION STUDY?

A. Yes. Generally, there are four phases in performing a depreciation study: data collection, analysis, evaluation and calculation. Data collection entails the gathering of historical investment and retirement activity including salvage and cost of removal experience. Analysis involves determination of mortality characteristics using the data gathered in the first phase. Evaluation requires an understanding of history, accounting practices and consideration of the Utility's plans and expectations. The calculation phase utilizes the information and determinations made in the first three phases and results in the development of recommended depreciation rates. This process is generally conducted by qualified professionals who conduct their depreciation studies using proven and accepted engineering, accounting, and depreciation expertise. While there may be some different judgements between professionals on individual topics, in my experience, they are generally within the bounds of that total skills, company and regulatory experience. In the depreciation space, one or another topical knowledge cannot substitute for having a working knowledge of all the aspects I have described above with respect to conducting or soundly evaluating a depreciation study.

Q. WHAT ARE MORTALITY CHARACTERISTICS?

A. Mortality characteristics are the basic parameters that determine depreciation rates. For this discussion, mortality characteristics include such items as average service life, Iowa-type retirement dispersion curves, and net salvage allowance.

Q. WHAT IS RETIREMENT DISPERSION?

A. Retirement dispersion recognizes that groups of assets have individual assets of different lives, i.e., different assets may retire at a differing age. Retirement dispersion is the spread of retirements by age around the average service life for each group of assets. Standard dispersion patterns (i.e., survivor curves, such as the standardized Iowa Curves) are useful because they make calculations of the remaining lives of existing property possible and allow life characteristics to be compared. An example of this might be in the category of 'mains'. Mains will naturally have varying service lives depending on many factors including where a particular segment of main is placed, the soil surrounding it, whether it is situated on a highway or in open ground, and other factors. Those factors, and many others, will impact a particular segment of main's actual service life. But an average life can be assessed, calculated and acknowledged to vary within each category, and be depreciated and accounted for properly using all the professional skills required.

Q. WHAT IS AN OBSERVED SURVIVOR CURVE?

A. Generally, an observed survivor curve is a plot, or graph, of the retirement dispersion for a specific Company using their recorded retirement and survivor history as a function of age. This observed curve is essentially a graphical representation of the Company's history.

Q. WHAT IS A STANDARDIZED SURVIVOR CURVE?

A. The standardized survivor curves are various retirement (dispersion) patterns found across utilities and are useful in determining the life and remaining life for the Company's assets. The observed survivor curve derived from the Company history is matched to these known generalized curves, such as the Iowa-type curves, to provide the best estimate of average service life.

Q. WHAT ARE IOWA-TYPE CURVES?

A. The Iowa-type curves were devised empirically by the Engineering Research Institute at what is now Iowa State University to provide a set of standard definitions of retirement dispersion. Through common usage, revalidation and regulatory review and acceptance, these curves have become a descriptive standard for the life characteristics of industrial property across numerous industries. The Engineering Research Institute collected dated retirement information on many types of industrial and utility property and devised empirical curves that matched the range of patterns found. A total of 18 curves were defined. There were six left-skewed, seven symmetrical and five right-skewed curves, varying from wide to narrow dispersion patterns. The Iowa-curve naming convention allows the analyst to relate to the patterns. The left-skewed curves are known as the "L series", the symmetrical as the "S series" and the right-skewed as the "R series." A number identifies the range of dispersion. A low number would represent a wide pattern and a high number a narrow pattern. The combination of one letter and one number defines a unique dispersion pattern.

Q. WHEN WAS TIDEWATER'S LAST DEPRECIATION STUDY PERFORMED AND HOW FREQUENTLY SHOULD SUCH STUDIES BE PERFORMED?

A. Tidewater's last depreciation study was performed nearly 27 years ago. In a 27 year period, there can be various changes in life and dispersion characteristics of a particular account, leaving the current depreciation parameters having the potential of no longer being representative of the current assets. As a general rule of thumb, a depreciation study should be performed every three to five years to stay current with changing depreciation characteristics.

Q. ARE THERE STANDARD METHODS OF ANALYSIS IN A DEPRECIATION STUDY?

A. Yes. The method depends on the type of property being analyzed and the level of detail maintained by the Utility in its continuing property records.

Q. CAN YOU EXPLAIN WHAT YOU MEAN BY TYPE OF PROPERTY AND LEVEL OF DETAIL?

A. Certainly. For types of property such as source of supply, pumping plant, mains, treatment facilities, and general plant assets, actuarial analysis (retirement rate method) was used in this study based on Tidewater's detailed accounting records. Actuarial analysis evaluates historical asset retirement experience where vintage data is available and sufficient retirement activity was present. This was part of the analysis we performed for Tidewater for this study.

Q. IS THERE A STANDARD SYSTEM OF CALCULATING DEPRECIATION RATES FOR A UTILITY?

A. Yes. A depreciation system is comprised of a method, procedure and technique. The predominant method utilized in the utility industry is straight-line. The straight-line method generally reflects the ratable recovery of the capitalized cost of assets over their entire service life, thus better matching utility customers with the service lives of the assets providing them service. There are two general procedures, average life group (broad) ("ALG") and equal life group and two techniques, whole-life and remaining life. The procedure and technique are usually selected by the Company, and the resulting depreciation rates must be approved by the appropriate regulatory agencies. In my experience, the ALG procedure and remaining-life technique are most commonly used and approved by most Commissions. We have maintained this depreciation system for Tidewater in performing this study. In this system, the annual depreciation expense for each group is computed by dividing the original cost of the asset less allocated depreciation reserve less estimated net salvage by its respective average life group remaining life. The resulting annual accrual amounts of all depreciable property within a function are accumulated, and the total is divided by the original cost of all functional depreciable property to determine the depreciation rate. The calculated remaining lives and annual depreciation accrual rates are based on attained ages of plant in service and the estimated service life and net salvage characteristics of each depreciable group.

III. TIDEWATER DEPRECIATION STUDY

Q. DID YOU PREPARE THE TIDEWATER DEPRECIATION STUDY?

A. Yes. The study (shown as Exhibit DAW-2) analyzes life for the property groups associated with all Tidewater assets, at December 31, 2025. Net salvage was incorporated using the precedent of using the 5-year average net salvage experienced by the utility.

Q. WHAT PROPERTY IS INCLUDED IN THE DEPRECIATION STUDY?

A. For water, there are five generally accepted classes, or functional groups: Source of Supply Plant, Pumping Plant, Water Treatment Plant, Transmission and Distribution Plant, and General Plant used to treat and deliver water.

Q. WHAT DEPRECIATION SYSTEM DID YOU USE TO CALCULATE THE PROPOSED DEPRECIATION RATES FOR TIDEWATER?

A. I used the straight-line depreciation method, average life group (ALG) procedure, and remaining life technique to calculate the proposed depreciation and amortization accrual amounts and rates for Tidewater Utilities..

Q. IS THE STRAIGHT-LINE DEPRECIATION METHOD A METHOD APPROVED BY THE DELAWARE PUBLIC SERVICE COMMISSION?

A. Yes. The straight-line depreciation method has been regularly accepted by the Delaware Public Service Commission in various proceedings.

Q. HOW ARE DEPRECIATION RATES DETERMINED USING THE ALG PROCEDURE?

A. In this system, the annual depreciation expense for each group was analyzed and computed by dividing the original cost of the assets, less allocated depreciation reserve, and less estimated net salvage, by the remaining life of its respective

average life group. The resulting annual accrual amounts of all depreciable property within an account were accumulated, and the total was divided by the original cost of all depreciable property within the account to determine the depreciation rate. The calculated remaining lives and annual depreciation accrual rates were based on attained ages of plant in service and the estimated service life and salvage characteristics of each depreciable group. The computations of the annual depreciation and amortization accrual and rates are shown in Appendix A-1 and A-2 for water in my Exhibit DAW-2.

Q. WHAT TIME PERIOD DID YOU USE TO DEVELOP THE RECOMMENDED DEPRECIATION RATES?

A. After reviewing the records and assessing their continuing reliability, the account level depreciation rates were developed based on the depreciable plant on the books of Tidewater Utilities at December 31, 2025.

Q. PLEASE SUMMARIZE THE RESULTS OF YOUR WATER DEPRECIATION STUDY.

A. The study results in a total decrease of approximately $560,000 in annual depreciation compared to the depreciation rates currently in effect. The decrease in annual depreciation expense is primarily the result of the analysis determining that a number of asset groups are now expected to have longer average service lives or different retirement patterns than seen in the past.

Q. PLEASE SUMMARIZE THE DEPRECIATION STUDY RESULTS WITH RESPECT TO WATER DEPRECIATION RATES.

A. Table 2 shows the depreciation rates recommended in the study for each account.

TIDEWATER
Depreciation Rates – Table 2

Account	Description	Proposed Rate
314	Wells and Springs	1.93%
316	Supply Mains	0.75%
321	Structures & Improvements	2.76%
323	Other Power Production Equipment	2.71%
325	Electric Pumping Equipment	4.02%
328	Other Power Production Equipment	2.07%
331	Structures & Improvements	2.64%
332	Water Treatment Equipment	3.47%
342	Distribution Reservoirs & Standpipes	1.53%
343	Transmission & Distribution Mains	1.14%
345	Services	1.59%
346	Meters	6.64%
347	Meter Installations	6.16%
348	Hydrants	1.72%
390	Structures & Improvements	2.42%
391	Office Furniture and Equipment	6.67%
391.02	Computer Equipment	20.00%
392	Transportation Equipment *	9.40%
394	Tools, Shop, and Garage Equipment	10.00%
395	Laboratory Equipment	10.00%
396	Power Operated Equipment *	4.16%
397	Communication Equipment	6.67%
398	Miscellaneous Equipment	6.67%

Q. WHAT FACTORS INFLUENCE THE DEPRECIATION RATES FOR AN ACCOUNT?

A. The primary factors that influence the depreciation rate for an account are 1) the remaining investment to be recovered in the account, 2) the depreciable life of the account, and 3) the net salvage for the account.

Q. WHAT METHOD DID YOU USE TO ANALYZE HISTORICAL DATA TO DETERMINE LIFE CHARACTERISTICS?

A. I have used the same analysis methods to perform this depreciation study that have been used by other water utilities and studies I have presented before this Commission and in more than 320 studies across North America. This same actuarial method was used in the Company's last depreciation rate study 27 years ago. In much the same manner as human mortality is analyzed by actuaries, depreciation analysts use models of property mortality characteristics that have been validated in research and empirical applications. For those accounts where aged retirements were available, actuarial analysis was used; for accounts with limited historical retirements, I relied on professional judgement and information provided by Company subject matter experts. Further detail on these methods is found in the life analysis section of Exhibit DAW-2.

Q. HOW DID YOU DETERMINE THE AVERAGE SERVICE LIVES FOR EACH ASSET GROUP?

A. The establishment of appropriate average service lives for each account was determined by using the actuarial analysis method. The remaining life, by account, is shown in Appendices A-1 and A-2 of my Exhibit DAW-2. Graphs and tables

supporting the actuarial analysis along with the chosen Iowa Curves used to determine the average service lives for analyzed accounts are found in the Life Analysis section of Exhibit DAW-2. A summary of the average service life and chosen Iowa curve for each account is shown in Table 5 Tidewater.

TIDEWATER WATER
Depreciable Lives - Table 5

		Average	Iowa
Acct	**Description**	**Life**	**Curve**
Depreciated Accounts			
314	Wells and Springs	50	R2.5
316	Supply Mains	85	R3
321	Structures & Improvements	35	R3
323	Other Power Production Equipment	30	R3
325	Electric Pumping Equipment	27	R4
328	Other Power Production Equipment	27	R4
331	Structures & Improvements	35	R3
332	Water Treatment Equipment	30	R3
342	Distribution Reservoirs & Standpipes	65	R4
343	Transmission & Distribution Mains	85	R3
345	Services	80	R3
346	Meters	17	S6
347	Meter Installations	17	S6
348	Hydrants	55	R3
390	Structures & Improvements	40	R4
392	Transportation Equipment	9	L5
396	Power Operated Equipment	16	R5
Amortized Accounts			
391	Office Furniture and Equipment	15	SQ
391.02	Computer Software	5	SQ
394	Tools, Shop, and Garage Equipment	10	SQ
395	Laboratory Equipment	15	SQ
397	Communication Equipment	15	SQ
398.	Miscellaneous Equipment	15	SQ

Q. PLEASE DESCRIBE THE VINTAGE GROUP ACCOUNTING METHOD THAT WAS USED WHEN ANALYZING GENERAL PLANT ASSETS IN ACCOUNTS 391-398.

A. For amortized general plant assets in accounts 391-398, Tidewater is requesting to implement a vintage year accounting method approved by the FERC in Accounting Release Number 15 ("AR-15"), *Vintage Year Accounting For General Plant Accounts*, dated January 1, 1997. AR-15 allowed utilities to use a simplified method of accounting for general plant assets, excluding structures and improvements. The AR-15 release allowed high-volume, low-cost assets to be amortized over their associated useful life, eliminated the need to track individual assets, and allowing a retirement to be booked at the end of the depreciable life. This method is often referred to as "Vintage Group Amortization "or "General Plant Amortization".

Adopting the method of accounting allowed in AR-15 simplify the effort required to maintain its general plant asset records, will ensure the timely retirement of small general plant assets and perform the depreciation calculation at a vintage level rather than at a total account level. The plant asset balances will be maintained by vintage installed with the retirement being recorded when book depreciation has been completed. The empirical retirement data for actuarial or semi-actuarial analysis will no longer be available; however, the determination of useful life can be made appropriately with the use of market forces, manufacturer expected life, technological obsolescence, business planning, known causes of retirement, and changes in expected future utilization.

The depreciation calculation uses a useful life applied to a vintage versus the entire account. The depreciation recovery is complete when the vintage accumulated depreciation is equal to the vintage plant adjusted for estimated salvage and removal costs. In my opinion, the reason that AR-15 was released and the benefit of moving to this approach are twofold. First, it reduced the burden and simplifies the process of managing small dollar, high volume general plant assets. In general, to accurately track these assets, in many cases, physical or virtual inventories are necessary and unitizing small dollar, high volume assets is time consuming. Second, historically, across the country, these types of assets were often not reported to accounting when physically retired. As an example, when a desk or work tool in the field breaks, it may be discarded without field personnel then reporting the physical disposal to accounting. By retiring that desk or chair in the accounting records at the end of its expected life (as AR-15 requires), the Company's books will be more accurate.

Q. HAS VINTAGE GROUP AMORTIZATION BEEN ADOPTED BY OTHER UTILITIES?

A. Yes. Since allowed by FERC in 1997, most utilities I work with have adopted general plant amortization in electric, gas, water and wastewater industries. The Company will no longer have to conduct or maintain detailed inventories of this equipment, and assets will be retired upon reaching an age equal to the average service life of each plant account.

The adoption of Vintage Group Amortization is discussed in more detail in the Life Analysis section of my Exhibit DAW-2 and detailed computations for amortization expense.

Q. WHAT IS NET SALVAGE?

A. As discussed more fully in the study itself, Exhibit DAW-2, net salvage is the difference between the gross salvage (what the asset was sold for) and the removal cost (cost to remove and dispose of the asset). Salvage and removal cost percentages are calculated by dividing the current cost of salvage or removal by the original installed cost of the asset.

Q. WHAT ARE YOUR NET SALVAGE RECOMMENDATIONS IN THIS PROCEEDING?

A. Following Commission precedent to use a five-year average of net salvage[3] , an additional total net salvage amount for Water of $88,335 was calculated using the Company's five-year average historical net salvage costs. While neither the Company nor I agree with this approach, the Company instructed us to follow precedent used in other utility filings with the Delaware Public Service Commission with regard to this methodology. This precedent is to use a five-year average of historical net salvage for water utilities. The most recent net salvage experience, including 2021-2025, was used to calculate the Company average. The detailed historical net salvage data as well as the computation of the five-year average net salvage accrual amount are shown in Appendices D-1 through D-3 of my Exhibit DAW-2.

[3] Docket 19-0615 (Veolia Delaware), Docket 25-0037 (Veolia Delaware).

IV. CONCLUSION

Q. WHAT ACCOUNT DEPRECIATION RATES ARE YOU PROPOSING, AND HOW DO THEY COMPARE WITH THE CURRENT RATES?

A. The proposed depreciation rates for each account are listed previously in my testimony in Table 2. The current and proposed depreciation rates, and my underlying calculations used to support my recommendations, are included in Appendix B of Exhibit DAW-2.

Q. DOES THE DEPRECIATION STUDY RESULT IN JUST AND REASONABLE RESULTS FOR RATEPAYERS? EXPLAIN.

A. Yes. This study results in depreciation rates that are thoroughly developed, accurate and reflect current operations of the Company. It updates depreciation rates that were set 27 years ago that are no longer applicable. Accurately recovering depreciation expense across future generations of customers allows for intergenerational equity between customers over time. Not adopting the depreciation rates recommended in this study will penalize near-term customers by overcharging depreciation expense..

Q. DO YOU HAVE ANY CONCLUDING REMARKS?

A. Yes. The depreciation study and analysis performed under my supervision fully supports setting depreciation rates at the level I have indicated in my testimony and underlying supporting depreciation study. I recommend that the Company should continue to periodically review the annual depreciation rates for its property. This way, all customers will be charged for their appropriate share of the capital expended for their benefit. My depreciation study describes the extensive analysis performed and the resulting rates that are now appropriate for Company property going forward. The Company's depreciation rates should be set consistently with my recommendations to allow recovery of the Company's total investment in property over the estimated remaining life of the assets which should better match the service our customers are receiving from those assets.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable	Company	Year	Description
Oklahoma	Oklahoma Corporation Commission	PUD26-000067	Oklahoma Gas & Electric	2026	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-26-024	Hilcorp	2026	Gas Storage Depreciation Study
Nevada	Federal Energy Regulatory Commission	ER26-3479	DesertLink, LLC	2026	Electric Depreciation Study
Indiana	Federal Energy Regulatory Commission	ER26-2758	Republic Transmission, LLC	2026	Electric Depreciation Study
Missouri, Kansas, Arkansas, Oklahoma	Federal Energy Regulatory Commission	ER26-3348-000	Liberty TFR	2026	Electric Depreciation Study
Louisiana	Louisiana Public Service Commission	U-37969	Cleco	2026	Electric Depreciation Study
Alabama	Alabama Public Service Commission	33525	Alabama Water Utilities	2026	Water/Wastewater Depreciation Study
Colorado	Colorado Public Utilities Commission	25AL-0538G	Public Service of Colorado	2026	Gas Depreciation Study
California	California Public Utilities Commission	A.26-06-xxx	Southern California Gas	2026	Gas Depreciation Study
California	California Public Utilities Commission	A.26-06-xxx	San Diego Gas and Electric	2026	Electric & Gas Depreciation Study
Texas	Public Utility Commission of Texas	59742	Rayburn Country Electric Cooperative, Inc.	2026	Electric Transmission Depreciation Study
Wisconsin	Public Service Commission of Wisconsin	5-DU-104	WEPCO & WG	2026	Electric, Gas, Steam and Common Depreciation Studies
Texas	Railroad Commission of Texas	OS-26-00031317	SiEnergy	2026	Gas Depreciation Study
Texas	Public Utility Commission of Texas	59756	Pedernales Electric Coop	2026	Electric Depreciation Study
Arkansas	Arkansas Public Service Commission	26-020-U	Liberty Arkansas	2026	Electric Depreciation Study
Minnesota	Minnesota Public Utilities Commission	26-166 (D)	Allete Minnesota Power	2026	Electric Depreciation Study
Kansas	Kansas Corporation Commission	26-ATMG-026-RTS	Atmos Kansas	2026	Gas Depreciation Study
Multi State	FERC	ER26-827-000	American Transmission Company	2026	Electric Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable	Company	Year	Description
New Jersey	New Jersey Board of Public Utilities	GR-25110627	South Jersey Gas	2025	Gas Depreciation Study
Texas	Public Utility Commission of Texas	59245	Lone Star Transmission	2026	Electric Depreciation Study
Oklahoma	Oklahoma Corporation Commission	PUD25-000028	Summit Utilities Oklahoma	2025	Natural Gas Depreciation Study
Canada	Ontario Energy Board	EB-2025-0252	Alectra Utilities Corporation	2025	Electric Depreciation Study
New Mexico	New Mexico Public Regulation Commission	25-00079-UT	Southwestern Public Service Company	2025	Electric Depreciation Study
Multi State	FERC	ER26-408-000	Entergy Services	2025	Electric Depreciation Study
Multi State	FERC	ER26-263-000	Entergy Services	2025	Electric Depreciation Study
Colorado	Colorado Public Utilities Commission	25AL-0494E	Xcel PSCO Electric	2025	Electric Depreciation Study
Texas	Public Utility Commission of Texas	58964	Texas New Mexico Power	2025	Electric Depreciation Rate Study
Rhode Island	State of Rhode Island Utilities Commission	25-30-WW	Veolia Rhode Island Water	2025	Water Depreciation Study
Missouri	Public Service Commission of State of Missouri	ER-2024-0261	Liberty Empire Electric Missouri	2025	Electric Generation Accrual Rates
New Jersey	New Jersey Board of Public Utilities	WR25060372	Middlesex Water	2025	Water and Waste Water Depreciation Study
Texas	Public Utility Commission of Texas	58306	Oncor	2025	Depreciation Study
Mississippi	Mississippi Public Service Commission	2025-US-59	Atmos Energy	2025	Gas Depreciation Study
Delaware & New Jersey	FERC	ER25-6061	Silver Run Electric, LLC	2025	Electric Depreciation Study
Nevada & Idaho	FERC	ER25-2025	Great Basin Transmission, LLC	2025	Electric Depreciation Study
Texas	Public Utility Commission of Texas	Docket 57994	Sharyland Utilities	2025	Electric Depreciation Study
Colorado	Colorado Public Utilities Commission	25A-0165G	Public Service Company of Colorado	2025	Gas Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable	Company	Year	Description
Texas	Public Utility Commission of Texas	57467	Cross Texas Transmission	2025	Electric Depreciation Study
Delaware	Delaware Public Service Commission	Docket 25-0037	Veolia Delaware	2024	Water Depreciation Study
Texas	Public Utility Commission of Texas	57299	Wind Energy Transmission Texas	2024	Wind Depreciation Rate Study
Tennessee	Tennessee Public Utility Commission	24-00085	Piedmont Natural Gas	2024	Gas Depreciation Study
Texas	Railroad Commission of Texas	No. 00019196	Atmos Mid-Tex	2024	Gas Depreciation Study
California	FERC	ER25-270-000	San Diego Gas and Electric	2024	TO6
Texas	Railroad Commission of Texas	No. 00018879	Atmos West Texas	2024	Natural Gas Depreciation Study
South Carolina	South Carolina Public Service Commission	2024-179-G	Piedmont Natural Gas	2024	Natural Gas Depreciation Study
Michigan	Michigan Public Service Commission	U-21542	Upper Michigan Energy Resources Corporation	2024	Reciprocating Internal Combustion Engine (RICE) Units
California	California Public Utilities Commission	A2407003	California Water Service	2024	Water Depreciation Study
Alaska	Regulatory Commission of Alaska	U-24-017	Matanuska Electric Coop	2024	Electric Depreciation Study
New Mexico	Public Service of New Mexico	24-00089-UT	PNM Resources	2024	Electric Technical Update
Texas	Railroad Commission of Texas	17816	West Texas Gas	2024	Gas Depreciation Study
Texas	Public Utility Commission of Texas	56665	Texas Water Utilities	2024	Water Depreciation Study
Multi-state	FERC	EL24-60-000	Viridon Mid-Atlantic LLC	2024	Electric Depreciation Study
Multi-state	FERC	EL24-66-000	Viridon Southwest LLC	2024	Electric Depreciation Study
Multi-state	FERC	EL24-67-000	Viridon New York Inc.	2024	Electric Depreciation Study
Multi-state	FERC	EL24-69-000	Viridon Midcontinent LLC	2024	Electric Depreciation Study
North Carolina	North Carolina Utilities Commission	G-9, Sub 837	Piedmont Natural Gas	2024	Gas Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable	Company	Year	Description
Mississippi	FERC	ER-24-1652-000	Mississippi Power Company	2024	Electric Depreciation Study
New Jersey	New Jersey Board of Public Utilities	GR24020158	Elizabethtown Gas Company	2024	Gas Depreciation Study
Texas New Mexico	FERC	ER24-1431-000	Southwestern Public Service Company	2024	Electric Technical Update
Missouri	Missouri Public Service Commission	WR-2024-0104	Liberty Utilities Missouri Water	2024	Water Depreciation Study
Missouri	Missouri Public Service Commission	SR-2024-0105	Liberty Utilities Missouri Waste Water	2024	Waste Water Depreciation Study
Texas	Public Utility Commission of Texas	56211	CenterPoint	2024	Electric Depreciation Study
California	California Public Utilities Commission	A.24-01-001	San Jose Water Co	2024	Water/Wastewater Depreciation Study
Missouri	Missouri Public Service Commission	GR-2024-0106	Liberty Utilities Mid States Gas	2024	Gas Depreciation Study
Pennsylvania	Pennsylvania Public Utility Commission	R-2024-3045193	Veolia Pennsylvania	2024	WasteWater Depreciation Study
Pennsylvania	Pennsylvania Public Utility Commission	R-2024-3045192	Veolia Pennsylvania	2024	Water Depreciation Study
Arkansas	Arkansas Public Service Commission	23-079-U	Summit Utilities Arkansas	2024	Gas Depreciation Study
Colorado	Colorado Public Utilities Commission	23A-0632G	Atmos Energy	2023	Gas Clean Heat Plan
Illinois	Illinois Commerce Commission	24-0043	Liberty Mid States Gas-Illinois	2023	Gas Depreciation Study
Oklahoma	Oklahoma Corporation Commission	2023-00087	Oklahoma Gas & Electric	2023	Electric Depreciation Study
Michigan	Michigan Public Service Commission	21513	Upper Peninsula Power Company	2023	Electric Depreciation Study
Texas	Public Utility Commission of Texas	55867	Lower Colorado River Authority	2023	Electric Depreciation Study
Texas	Railroad Commission of Texas	Case No. OS-23-00015513	CenterPoint Texas Gas	2023	Gas Depreciation Study
Nevada	Public Utility Commission of Nevada	23-090-12	Southwest Gas	2023	Gas Depreciation Study - Nevada Division
Louisiana	Public Service Commission of Louisiana	36959	Entergy Louisiana	2023	Electric Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable	Company	Year	Description
Texas	Railroad Commission of Texas	13758	Atmos Energy - APT	2023	Gas Depreciation Study
Florida	Florida Public Service Commission	20230023	Peoples Gas System	2023	Gas Depreciation Study
Texas	Public Utility Commission of Texas	54565	Central States Water Resources (CSWR Texas)	2023	Water Depreciation Study
New York	New York State Public Service Commission	23-W-0111	Veolia New York	2023	Water Depreciation Study
Arkansas	Arkansas Public Service Commission	22-085-U	Empire District Electric Company	2023	Electric Depreciation Study
Texas	Public Utility Commission of Texas	54634	Southwestern Public Service Company	2023	Electric Technical Update
Louisiana	Louisiana Public Service Commission	U-36923	Cleco	2023	Electric Depreciation study
Arkansas	Arkansas Public Service Commission	22-085-U	Liberty Empire Electric Arkansas	2023	Electric Depreciation Study
Florida	Florida Public Service Commission	20220219	People Gas System	2022	Gas Depreciation Study
Michigan	Michigan Public Service Commission	U-21329	Michigan Gas Utilities Corporation	2022	Gas Depreciation Study
New Mexico	New Mexico Public Regulation Commission	22-00270-UT	Public Service of New Mexico	2022	Electric Depreciation Study
New Mexico	New Mexico Public Regulation Commission	22-00286-UT	Southwestern Public Service Company	2022	Electric Technical Update
Michigan	Michigan Public Service Commission	U-21294	SEMCO Gas	2022	Gas Depreciation Study
Arkansas	Arkansas Public Service Commission	22-064-U	Liberty Pine Bluff Water	2022	Water Depreciation Study
Colorado	Colorado Public Utilities Commission	22AL-0348G	Atmos Energy	2022	Gas Depreciation Study
New York	FERC	ER22-2581-000	New York Power Authority	2022	Electric Transmission and General Depreciation Study
South Carolina	South Carolina Public Service Commission	2022-89-G	Piedmont Natural Gas	2022	Natural Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-22-034	Chugach Electric Association	2022	Electric Depreciation Study
Georgia	Georgia Public Service Commission	44280	Georgia Power Company	2022	Electric Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable	Company	Year	Description
Texas	Public Utility Commission of Texas	53719	Entergy Texas	2022	Electric Depreciation Study
California	California Public Utilities Commission	A22-005-016	San Diego Gas and Electric	2022	Electric Gas and Common Depreciation Study
California	California Public Utilities Commission	A22-005-015	Southern California Gas	2022	Gas Depreciation Study
Colorado	Colorado Public Utilities Commission	22AL-0046G	Public Service of Colorado	2022	Gas Alternatives to Climate Goals
Texas	Public Utility Commission of Texas	53601	Oncor Electric Delivery	2022	Electric Depreciation Study
New Jersey	New Jersey Board of Public Utilities	GR2222040253	South Jersey Gas	2022	Gas Depreciation Study
Oklahoma	Corporation Commission of Oklahoma	PUD 202100163	Empire District Electric Company	2022	Electric Depreciation Study
Michigan	Michigan Public Service Commission	U-21176	Consumers Gas	2021	Gas Depreciation Study
New Jersey	New Jersey Board of Public Utilities	GR21121254	Elizabethtown Natural Gas	2021	Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	TA116-118, TA115-97, TA160-37 and TA110-290	Fairbanks Water and Wastewater	2021	Water and Waste Water Depreciation Study
Alaska	Regulatory Commission of Alaska	U-21-025	Golden Valley Electric Association	2021	Electric Depreciation Study
Colorado	Public Utilities Commission of Colorado	21AL-0317E	Public Service of Colorado	2021	Electric and Common Depreciation Study
Wisconsin	Public Service Commission of Wisconsin	5-DU-103	WE Energies	2021	Electric and Gas Depreciation Study
Kentucky	Public Service Commission of Kentucky	2021-00214	Atmos Kentucky	2021	Gas Depreciation Study
Missouri	Missouri Public Service Commission	ER-2021-0312	Empire District Electric Company	2021	Electric Depreciation Study
Louisiana	Louisiana Public Service Commission	U-35951	Atmos Louisiana	2021	Gas Depreciation Study
Minnesota	Minnesota Public Utilities Commission	E015-D-21-229	Allete Minnesota Power	2021	Intangible, Transmission, Distribution, and General Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable	Company	Year	Description
Michigan	Michigan Public Service Commission	U-20849	Consumers Energy	2021	Electric and Common Depreciation Study
Texas	Public Utility Commission of Texas	51802	Southwestern Public Service Company	2021	Electric Technical Update
MultiState	FERC	RP21-441-000	Florida Gas Transmission	2021	Gas Depreciation Study
New Mexico	New Mexico Public Regulation Commission	20-00238-UT	Southwestern Public Service Company	2021	Electric Technical Update
MultiState	FERC	ER21-709-000	American Transmission Company	2020	Electric Depreciation Study
Texas	Public Utility Commission of Texas	51611	Sharyland Utilities	2020	Electric Depreciation Study
Texas	Public Utility Commission of Texas	51536	Brownsville Public Utilities Board	2020	Electric Depreciation Study
New Jersey	New Jersey Board of Public Utilities	WR20110729	Suez Water New Jersey	2020	Water and Waste Water Depreciation Study
Idaho	Idaho Public Service Commission	SUZ-W-20-02	Suez Water Idaho	2020	Water Depreciation Study
Texas	Public Utility Commission of Texas	50944	Monarch Utilities	2020	Water and Waste Water Depreciation Study
Michigan	Michigan Public Service Commission	U-20844	Consumers Energy/DTE Electric	2020	Ludington Pumped Storage Depreciation Study
Tennessee	Tennessee Public Utility Commission	20-00086	Piedmont Natural Gas	2020	Gas Depreciation Study
Texas	Railroad Commission of Texas	OS-00005136	CoServ Gas	2020	Gas Depreciation Study
Texas	Railroad Commission of Texas	GUD 10988	EPCOR Gas Texas	2020	Gas Depreciation Study
Florida	Florida Public Service Commission	20200166-GU	People Gas System	2020	Gas Depreciation Study
Mississippi	Federal Energy Regulatory Commission	ER20-1660-000	Mississippi Power Company	2020	Electric Depreciation Study
Texas	Public Utility Commission of Texas	50557	Corix Utilities	2020	Water and Waste Water Depreciation Study
Georgia	Georgia Public Service Commission	42959	Liberty Utilities Peach State Natural Gas	2020	Gas Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable	Company	Year	Description
New Jersey	New Jersey Board of Public Utilities	GR20030243	South Jersey Gas	2020	Gas Depreciation Study
Colorado	Colorado Public Utilities Commission	20AL-0049G	Public Service of Colorado	2020	Gas Depreciation Study
New York	Federal Energy Regulatory Commission	ER20-716-000	LS Power Grid New York, Corp.	2019	Electric Transmission Depreciation Study
Mississippi	Mississippi Public Service Commission	2019-UN-219	Mississippi Power Company	2019	Electric Depreciation Study
Texas	Public Utility Commission of Texas	50288	Kerrville Public Utility District	2019	Electric Depreciation Study
Texas	Railroad Commission of Texas	GUD 10920	CenterPoint Gas	2019	Gas Depreciation Study and Propane Air Study
Texas, New Mexico	Federal Energy Regulatory Commission	ER20-277-000	Southwestern Public Service Company	2019	Electric Production and General Plant Depreciation Study
Alaska	Regulatory Commission of Alaska	U-19-086	Alaska Electric Light and Power	2019	Electric Depreciation Study
Delaware	Delaware Public Service Commission	19-0615	Suez Water Delaware	2019	Water Depreciation Study
Texas	Public Utility Commission of Texas	49831	Southwestern Public Service Company	2019	Electric Depreciation Study
New Mexico	New Mexico Public Regulation Commission	19-00170-UT	Southwestern Public Service Company	2019	Electric Depreciation Study
Georgia	Georgia Public Service Commission	42516	Georgia Power Company	2019	Electric Depreciation Study
Georgia	Georgia Public Service Commission	42315	Atlanta Gas Light	2019	Gas Depreciation Study
Arizona	Arizona Corporation Commission	G-01551A-19-0055	Southwest Gas Corporation	2019	Gas Removal Cost Study
New Hampshire	New Hampshire Public Service Commission	DE 19-064	Liberty Utilities	2019	Electric Distribution and General
New Jersey	New Jersey Board of Public Utilities	GR19040486	Elizabethtown Natural Gas	2019	Gas Depreciation Study
Texas	Public Utility Commission of Texas	49421	CenterPoint Houston Electric LLC	2019	Electric Depreciation Study
North Carolina	North Carolina Utilities Commission	Docket No. G-9, Sub 743	Piedmont Natural Gas	2019	Gas Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable	Company	Year	Description
Alaska	Regulatory Commission of Alaska	U-18-121	Municipal Power and Light City of Anchorage	2018	Electric Depreciation Study
Various	FERC	RP19-352-000	Sea Robin	2018	Gas Depreciation Study
Texas New Mexico	Federal Energy Regulatory Commission	ER19-404-000	Southwestern Public Service Company	2018	Electric Transmission Depreciation Study
California	Federal Energy Regulatory Commission	ER19-221-000	San Diego Gas and Electric	2018	Electric Transmission Depreciation Study
Kentucky	Kentucky Public Service Commission	2018-00281	Atmos Kentucky	2018	Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-18-054	Matanuska Electric Coop	2018	Electric Generation Depreciation Study
California	California Public Utilities Commission	A17-10-007	San Diego Gas and Electric	2018	Electric and Gas Depreciation Study
Texas	Public Utility Commission of Texas	48401	Texas New Mexico Power	2018	Electric Depreciation Study
Nevada	Public Utility Commission of Nevada	18-05031	Southwest Gas	2018	Gas Depreciation Study
Texas	Public Utility Commission of Texas	48231	Oncor Electric Delivery	2018	Depreciation Rates
Texas	Public Utility Commission of Texas	48371	Entergy Texas	2018	Electric Depreciation Study
Kansas	Kansas Corporation Commission	18-KCPE-480-RTS	Kansas City Power and Light	2018	Electric Depreciation Study
Arkansas	Arkansas Public Service Commission	18-027-U	Liberty Pine Bluff Water	2018	Water Depreciation Study
Kentucky	Kentucky Public Service Commission	2017-00349	Atmos KY	2018	Gas Depreciation Rates
Tennessee	Tennessee Public Utility Commission	18-00017	Chattanooga Gas	2018	Gas Depreciation Study
Texas	Railroad Commission of Texas	10679	Si Energy	2018	Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-17-104	Anchorage Water and Wastewater	2017	Water and Waste Water Depreciation Study
Michigan	Michigan Public Service Commission	U-18488	Michigan Gas Utilities Corporation	2017	Gas Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable	Company	Year	Description
Texas	Railroad Commission of Texas	10669	CenterPoint South Texas	2017	Gas Depreciation Study
Arkansas	Arkansas Public Service Commission	17-061-U	Empire District Electric Company	2017	Depreciation Rates for New Wind Generation
Kansas	Kansas Corporation Commission	18-EPDE-184-PRE	Empire District Electric Company	2017	Depreciation Rates for New Wind Generation
Oklahoma	Oklahoma Corporation Commission	PUD 201700471	Empire District Electric Company	2017	Depreciation Rates for New Wind Generation
Missouri	Missouri Public Service Commission	EO-2018-0092	Empire District Electric Company	2017	Depreciation Rates for New Wind Generation
Michigan	Michigan Public Service Commission	U-18457	Upper Peninsula Power Company	2017	Electric Depreciation Study
Florida	Florida Public Service Commission	20170179-GU	Florida City Gas	2017	Gas Depreciation Study
Michigan	FERC	ER18-56-000	Consumers Energy	2017	Electric Depreciation Study
Missouri	Missouri Public Service Commission	GR-2018-0013	Liberty Utilities	2017	Gas Depreciation Study
Michigan	Michigan Public Service Commission	U-18452	SEMCO	2017	Gas Depreciation Study
Texas	Public Utility Commission of Texas	47527	Southwestern Public Service Company	2017	Electric Production Depreciation Study
MultiState	FERC	ER17-1664	American Transmission Company	2017	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-17-008	Municipal Power and Light City of Anchorage	2017	Generating Unit Depreciation Study
Mississippi	Mississippi Public Service Commission	2017-UN-041	Atmos Energy	2017	Gas Depreciation Study
Texas	Public Utility Commission of Texas	46957	Oncor Electric Delivery	2017	Electric Depreciation Study
Oklahoma	Oklahoma Corporation Commission	PUD 201700078	CenterPoint Oklahoma	2017	Gas Depreciation Study
New York	FERC	ER17-1010-000	New York Power Authority	2017	Electric Depreciation Study
Texas	Railroad Commission of Texas	GUD 10580	Atmos Pipeline Texas	2017	Gas Depreciation Study
Texas	Railroad Commission of Texas	GUD 10567	CenterPoint Texas	2016	Gas Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable	Company	Year	Description
MultiState	FERC	ER17-191-000	American Transmission Company	2016	Electric Depreciation Study
New Jersey	New Jersey Board of Public Utilities	GR16090826	Elizabethtown Natural Gas	2016	Gas Depreciation Study
Michigan	Michigan Public Service Commission	U-18195	Consumers Energy/DTE Electric	2016	Ludington Pumped Storage Depreciation Study
Alabama	FERC	ER16-2313-000	SEGCO	2016	Electric Depreciation Study
Alabama	FERC	ER16-2312-000	Alabama Power Company	2016	Electric Depreciation Study
Michigan	Michigan Public Service Commission	U-18127	Consumers Energy	2016	Natural Gas Depreciation Study
Mississippi	Mississippi Public Service Commission	2016 UN 267	Willmut Natural Gas	2016	Natural Gas Depreciation Study
Iowa	Iowa Utilities Board	RPU-2016-0003	Liberty-Iowa	2016	Natural Gas Depreciation Study
Illinois	Illinois Commerce Commission	GRM #16-208	Liberty-Illinois	2016	Natural Gas Depreciation Study
Kentucky	FERC	RP16-097-000	KOT	2016	Natural Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-16-067	Alaska Electric Light and Power	2016	Generating Unit Depreciation Study
Florida	Florida Public Service Commission	160170-EI	Gulf Power	2016	Electric Depreciation Study
California	California Public Utilities Commission	A 16-07-002	California American Water	2016	Water and Waste Water Depreciation Study
Arizona	Arizona Corporation Commission	G-01551A-16-0107	Southwest Gas	2016	Gas Depreciation Study
Texas	Public Utility Commission of Texas	45414	Sharyland	2016	Electric Depreciation Study
Colorado	Colorado Public Utilities Commission	16A-0231E	Public Service Company of Colorado	2016	Electric Depreciation Study
Multi-State NE US	FERC	16-453-000	Northeast Transmission Development, LLC	2015	Electric Depreciation Study
Arkansas	Arkansas Public Service Commission	15-098-U	CenterPoint Arkansas	2015	Gas Depreciation Study and Cost of Removal Study
New Mexico	New Mexico Public Regulation Commission	15-00296-UT	Southwestern Public Service Company	2015	Electric Depreciation Study
Atmos Energy Corporation	Tennessee Regulatory Authority	14-00146	Atmos Tennessee	2015	Natural Gas Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable	Company	Year	Description
New Mexico	New Mexico Public Regulation Commission	15-00261-UT	Public Service Company of New Mexico	2015	Electric Depreciation Study
Hawaii	NA	NA	Hawaii American Water	2015	Water/Wastewater Depreciation Study
Kansas	Kansas Corporation Commission	16-ATMG-079-RTS	Atmos Kansas	2015	Gas Depreciation Study
Texas	Public Utility Commission of Texas	44704	Entergy Texas	2015	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-15-089	Fairbanks Water and Wastewater	2015	Water and Waste Water Depreciation Study
Arkansas	Arkansas Public Service Commission	15-031-U	Source Gas Arkansas	2015	Underground Storage Gas Depreciation Study
New Mexico	New Mexico Public Regulation Commission	15-00139-UT	Southwestern Public Service Company	2015	Electric Depreciation Study
Texas	Public Utility Commission of Texas	44746	Wind Energy Transmission Texas	2015	Electric Depreciation Study
Colorado	Colorado Public Utilities Commission	15-AL-0299G	Atmos Colorado	2015	Gas Depreciation Study
Arkansas	Arkansas Public Service Commission	15-011-U	Source Gas Arkansas	2015	Gas Depreciation Study
Texas	Railroad Commission of Texas	GUD 10432	CenterPoint- Texas Coast Division	2015	Gas Depreciation Study
Kansas	Kansas Corporation Commission	15-KCPE-116-RTS	Kansas City Power and Light	2015	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-14-120	Alaska Electric Light and Power	2014-2015	Electric Depreciation Study
Texas	Public Utility Commission of Texas	43950	Cross Texas Transmission	2014	Electric Depreciation Study
New Mexico	New Mexico Public Regulation Commission	14-00332-UT	Public Service of New Mexico	2014	Electric Depreciation Study
Texas	Public Utility Commission of Texas	43695	Xcel Energy	2014	Electric Depreciation Study
Multi State – SE US	FERC	RP15-101	Florida Gas Transmission	2014	Gas Transmission Depreciation Study
California	California Public Utilities Commission	A.14-07-006	Golden State Water	2014	Water and Waste Water Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable	Company	Year	Description
Michigan	Michigan Public Service Commission	U-17653	Consumers Energy Company	2014	Electric and Common Depreciation Study
Alabama	Alabama Public Service Commission	U-5115	Mobile Gas	2014	Gas Depreciation Study
Colorado	Public Utilities Commission of Colorado	14AL-0660E	Public Service of Colorado	2014	Electric Depreciation Study
Wisconsin	Wisconsin	05-DU-102	WE Energies	2014	Electric, Gas, Steam and Common Depreciation Studies
Texas	Public Utility Commission of Texas	42469	Lone Star Transmission	2014	Electric Depreciation Study
Nebraska	Nebraska Public Service Commission	NG-0079	Source Gas Nebraska	2014	Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-14-055	TDX North Slope Generating	2014	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-14-054	Sand Point Generating LLC	2014	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-14-045	Matanuska Electric Coop	2014	Electric Generation Depreciation Study
Texas, New Mexico	Public Utility Commission of Texas	42004	Southwestern Public Service Company	2013-2014	Electric Production, Transmission, Distribution and General Plant Depreciation Study
New Jersey	New Jersey Board of Public Utilities	GR13111137	South Jersey Gas	2013	Gas Depreciation Study
Various	FERC	RP14-247-000	Sea Robin	2013	Gas Depreciation Study
Arkansas	Arkansas Public Service Commission	13-078-U	Arkansas Oklahoma Gas	2013	Gas Depreciation Study
Arkansas	Arkansas Public Service Commission	13-079-U	Source Gas Arkansas	2013	Gas Depreciation Study
California	California Public Utilities Commission	Proceeding No.: A.13-11-003	Southern California Edison	2013	Electric Depreciation Study
North Carolina/South Carolina	FERC	ER13-1313	Progress Energy Carolina	2013	Electric Depreciation Study
Wisconsin	Public Service Commission of Wisconsin	4220-DU-108	Northern States Power Company - Wisconsin	2013	Electric, Gas and Common Transmission, Distribution and General

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable	Company	Year	Description
Texas	Public Utility Commission of Texas	41474	Sharyland	2013	Electric Depreciation Study
Kentucky	Kentucky Public Service Commission	2013-00148	Atmos Energy Corporation	2013	Gas Depreciation Study
Minnesota	Minnesota Public Utilities Commission	13-252	Allete Minnesota Power	2013	Electric Depreciation Study
New Hampshire	New Hampshire Public Service Commission	DE 13-063	Liberty Utilities	2013	Electric Distribution and General
Texas	Railroad Commission of Texas	10235	West Texas Gas	2013	Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-12-154	Alaska Telephone Company	2012	Telecommunications Utility
New Mexico	New Mexico Public Regulation Commission	12-00350-UT	Southwestern Public Service Company	2012	Electric Depreciation Study
Colorado	Colorado Public Utilities Commission	12AL-1269ST	Public Service Company of Colorado	2012	Gas and Steam Depreciation Study
Colorado	Colorado Public Utilities Commission	12AL-1268G	Public Service Company of Colorado	2012	Gas and Steam Depreciation Study
Alaska	Regulatory Commission of Alaska	U-12-149	Municipal Power and Light City of Anchorage	2012	Electric Depreciation Study
Texas	Public Utility Commission of Texas	40824	Xcel Energy	2012	Electric Depreciation Study
South Carolina	Public Service Commission of South Carolina	Docket 2012-384-E	Progress Energy Carolina	2012	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-12-141	Interior Telephone Company	2012	Telecommunications Utility
Michigan	Michigan Public Service Commission	U-17104	Michigan Gas Utilities Corporation	2012	Gas Depreciation Study
North Carolina	North Carolina Utilities Commission	E-2 Sub 1025	Progress Energy Carolina	2012	Electric Depreciation Study
Texas	Public Utility Commission of Texas	40606	Wind Energy Transmission Texas	2012	Electric Depreciation Study
Texas	Public Utility Commission of Texas	40604	Cross Texas Transmission	2012	Electric Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable	Company	Year	Description
Minnesota	Minnesota Public Utilities Commission	12-858	Northern States Power Company - Minnesota	2012	Electric, Gas and Common Transmission, Distribution and General
Texas	Railroad Commission of Texas	10170	Atmos Mid-Tex	2012	Gas Depreciation Study
Texas	Railroad Commission of Texas	10174	Atmos West Texas	2012	Gas Depreciation Study
Texas	Railroad Commission of Texas	10182	CenterPoint Beaumont/ East Texas	2012	Gas Depreciation Study
Kansas	Kansas Corporation Commission	12-KCPE-764-RTS	Kansas City Power and Light	2012	Electric Depreciation Study
Nevada	Public Utility Commission of Nevada	12-04005	Southwest Gas	2012	Gas Depreciation Study
Texas	Railroad Commission of Texas	10147, 10170	Atmos Mid-Tex	2012	Gas Depreciation Study
Kansas	Kansas Corporation Commission	12-ATMG-564-RTS	Atmos Kansas	2012	Gas Depreciation Study
Texas	Public Utility Commission of Texas	40020	Lone Star Transmission	2012	Electric Depreciation Study
Michigan	Michigan Public Service Commission	U-16938	Consumers Energy Company	2011	Gas Depreciation Study
Colorado	Public Utilities Commission of Colorado	11AL-947E	Public Service of Colorado	2011	Electric Depreciation Study
Texas	Public Utility Commission of Texas	39896	Entergy Texas	2011	Electric Depreciation Study
MultiState	FERC	ER12-212	American Transmission Company	2011	Electric Depreciation Study
California	California Public Utilities Commission	A1011015	Southern California Edison	2011	Electric Depreciation Study
Mississippi	Mississippi Public Service Commission	2011-UN-184	Atmos Energy	2011	Gas Depreciation Study
Michigan	Michigan Public Service Commission	U-16536	Consumers Energy Company	2011	Wind Depreciation Rate Study
Texas	Public Utility Commission of Texas	38929	Oncor	2011	Electric Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable	Company	Year	Description
Texas	Railroad Commission of Texas	10038	CenterPoint South TX	2010	Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-10-070	Inside Passage Electric Cooperative	2010	Electric Depreciation Study
Texas	Public Utility Commission of Texas	36633	City Public Service of San Antonio	2010	Electric Depreciation Study
Texas	Railroad Commission of Texas	10000	Atmos Pipeline Texas	2010	Gas Depreciation Study
Multi State – SE US	FERC	RP10-21-000	Florida Gas Transmission	2010	Gas Depreciation Study
Maine/ New Hampshire	FERC	10-896	Granite State Gas Transmission	2010	Gas Depreciation Study
Texas	Public Utility Commission of Texas	38480	Texas New Mexico Power	2010	Electric Depreciation Study
Texas	Public Utility Commission of Texas	38339	CenterPoint Electric	2010	Electric Depreciation Study
Texas	Railroad Commission of Texas	10041	Atmos Amarillo	2010	Gas Depreciation Study
Georgia	Georgia Public Service Commission	31647	Atlanta Gas Light	2010	Gas Depreciation Study
Texas	Public Utility Commission of Texas	38147	Southwestern Public Service	2010	Electric Technical Update
Alaska	Regulatory Commission of Alaska	U-09-015	Alaska Electric Light and Power	2009-2010	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-10-043	Utility Services of Alaska	2009-2010	Water Depreciation Study
Michigan	Michigan Public Service Commission	U-16055	Consumers Energy/DTE Energy	2009-2010	Ludington Pumped Storage Depreciation Study
Michigan	Michigan Public Service Commission	U-16054	Consumers Energy	2009-2010	Electric Depreciation Study
Michigan	Michigan Public Service Commission	U-15963	Michigan Gas Utilities Corporation	2009	Gas Depreciation Study
Michigan	Michigan Public Service Commission	U-15989	Upper Peninsula Power Company	2009	Electric Depreciation Study
Texas	Railroad Commission of Texas	9869	Atmos Energy	2009	Shared Services Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable	Company	Year	Description
Mississippi	Mississippi Public Service Commission	09-UN-334	CenterPoint Energy Mississippi	2009	Gas Depreciation Study
Texas	Railroad Commission of Texas	9902	CenterPoint Energy Houston	2009	Gas Depreciation Study
Colorado	Colorado Public Utilities Commission	09AL-299E	Public Service Company of Colorado	2009	Electric Depreciation Study
Louisiana	Louisiana Public Service Commission	U-30689	Cleco	2008	Electric Depreciation Study
Texas	Public Utility Commission of Texas	35763	Southwestern Public Service Company	2008	Electric Production, Transmission, Distribution and General Plant Depreciation Study
Wisconsin	Wisconsin	05-DU-101	WE Energies	2008	Electric, Gas, Steam and Common Depreciation Studies
North Dakota	North Dakota Public Service Commission	PU-07-776	Northern States Power Company - Minnesota	2008	Net Salvage
New Mexico	New Mexico Public Regulation Commission	07-00319-UT	Southwestern Public Service Company	2008	Testimony – Depreciation
Multiple States	Railroad Commission of Texas	9762	Atmos Energy	2007-2008	Shared Services Depreciation Study
Minnesota	Minnesota Public Utilities Commission	E015/D-08-422	Minnesota Power	2007-2008	Electric Depreciation Study
Texas	Public Utility Commission of Texas	35717	Oncor	2008	Electric Depreciation Study
Texas	Public Utility Commission of Texas	34040	Oncor	2007	Electric Depreciation Study
Michigan	Michigan Public Service Commission	U-15629	Consumers Energy	2006-2009	Gas Depreciation Study
Colorado	Colorado Public Utilities Commission	06-234-EG	Public Service Company of Colorado	2006	Electric Depreciation Study
Arkansas	Arkansas Public Service Commission	06-161-U	CenterPoint Energy – Arkla Gas	2006	Gas Distribution Depreciation Study and Removal Cost Study
Texas, New Mexico	Public Utility Commission of Texas	32766	Southwestern Public Service Company	2005-2006	Electric Production, Transmission, Distribution and General Plant Depreciation Study

Dane Watson Testimony Appearances

Asset Location	Commission	Docket (If Applicable	Company	Year	Description
Texas	Railroad Commission of Texas	9670/9676	Atmos Energy Corp	2005-2006	Gas Distribution Depreciation Study
Texas	Railroad Commission of Texas	9400	TXU Gas	2003-2004	Gas Distribution Depreciation Study
Texas	Railroad Commission of Texas	9313	TXU Gas	2002	Gas Distribution Depreciation Study
Texas	Railroad Commission of Texas	9225	TXU Gas	2002	Gas Distribution Depreciation Study
Texas	Public Utility Commission of Texas	24060	TXU	2001	Line Losses
Texas	Public Utility Commission of Texas	23640	TXU	2001	Line Losses
Texas	Railroad Commission of Texas	9145-9148	TXU Gas	2000-2001	Gas Distribution Depreciation Study
Texas	Public Utility Commission of Texas	22350	TXU	2000-2001	Electric Depreciation Study, Unbundling
Texas	Railroad Commission of Texas	8976	TXU Pipeline	1999	Pipeline Depreciation Study
Texas	Public Utility Commission of Texas	20285	TXU	1999	Fuel Company Depreciation Study
Texas	Public Utility Commission of Texas	18490	TXU	1998	Transition to Competition
Texas	Public Utility Commission of Texas	16650	TXU	1997	Customer Complaint
Texas	Public Utility Commission of Texas	15195	TXU	1996	Mining Company Depreciation Study
Texas	Public Utility Commission of Texas	12160	TXU	1993	Fuel Company Depreciation Study
Texas	Public Utility Commission of Texas	11735	TXU	1993	Electric Depreciation Study

TIDEWATER UTILITIES, INC.

WATER UTILITY

DEPRECIATION RATE STUDY

AT DECEMBER 31, 2025





TIDEWATER UTILITIES, INC.
WATER UTILITY
DEPRECIATION RATE STUDY
EXECUTIVE SUMMARY

Tidewater Utilities, Inc. (”Tidewater” or “Company” or “Utility”) engaged Alliance Consulting Group to conduct a depreciation study of the Company’s depreciable assets as of December 31, 2025. For Water assets, this study recommends a decrease of approximately $560 thousand in annual depreciation compared to the depreciation rates currently in effect.

The existing depreciation rates were based on the straight-line method, average life group (“ALG”) procedure, and remaining-life technique and the same method, procedure, and technique are retained in this study. The last depreciation study was in about 1998, and the parameters approved by the Delaware Public Service Commission (“DPSC”) are unknown.

At the request of the Company, this study does not include traditional net salvage recommendations. The approach, which is being proposed in this study, develops an annual removal cost amount based on the most recent five years of net salvage charges. For Tidewater, the net salvage accrual, $(88,335) is shown in Appendices B and D.

Appendix A-1 provides the calculation of the recommended depreciation rates for water. Appendix A-2 provides the calculation of the recommended amortization rates for the amortized general plant accounts and the general plant reserve true-up. Appendix B provides the comparison in depreciation expense from existing annual accrual to proposed annual accrual. Appendix C provides the mortality characteristics (life and curve) for the accounts analyzed. Appendix D provides the net salvage history for all accounts.

TIDEWATER UTILITIES, INC.

WATER UTILITY

DEPRECIATION RATE STUDY

AT DECEMBER 31, 2025

Table of Contents

PURPOSE 4
DETAILED DISCUSSION 14
LIFE ANALYSIS 20
APPENDIX A-1 45
APPENDIX A-2 46
APPENDIX B 47
APPENDIX C 48
APPENDIX D 49

PURPOSE

The purpose of this study is to develop depreciation rates for the specified water depreciable property as recorded on Tidewater's books at December 31, 2025. The account-based depreciation rates were designed to recover the total remaining undepreciated investment for the analyzed accounts over the remaining life of the property on a straight-line basis.

Tidewater System

Tidewater Utilities, Inc. ("Tidewater") is a Delaware water utility and a wholly owned subsidiary of Middlesex Water Company. Middlesex has operated in Delaware through Tidewater since 1992; Tidewater itself was established in 1964 and is headquartered at 1100 South Little Creek Road, Dover, Delaware.

At year-end 2025, Tidewater and its wholly owned subsidiary, Southern Shores Water Company, LLC, provided regulated water service to approximately 65,000 retail customers in New Castle, Kent and Sussex Counties. The systems served residential, commercial, municipal, industrial and fire-protection needs across communities extending from lower New Castle County to the Maryland border.

Tidewater's 2025 Annual Water Quality Report states that Tidewater and Southern Shores produced and delivered drinking water to more than 184,350 Delaware residents in more than 554 residential communities and commercial establishments. Individual systems are interconnected where practical to improve operating efficiency and regional reliability.

Unlike the surface-water-based Middlesex System in New Jersey, Tidewater's Delaware systems rely primarily on groundwater. As of the company's April 2025 system profile, the utility operated 172 active wells—its groundwater source and pumping points—and 85 water treatment plants. Tidewater's most recent publicly quantified distribution-network baseline reports more than 836 miles of underground water main; subsequent customer growth and the 2025 Ocean View acquisition expanded that network. These wells, treatment facilities, storage assets, mains and associated pumping equipment support Tidewater's interconnected regional systems, with monitoring and

treatment tailored to each public water system.

Tidewater's rates and service are regulated by the Delaware Public Service Commission, while drinking-water quality is overseen under applicable state and federal requirements. Expansion into new service areas requires a Delaware Certificate of Public Convenience and Necessity. Tidewater conducts routine water-quality monitoring and provides customers with annual, system-specific water quality information.

White Marsh Environmental Systems, Inc., a Tidewater subsidiary, provided operations and maintenance services to approximately 3,700 households in Kent and Sussex Counties through contractual arrangements as of year-end 2025. These contract operations are separate from Tidewater's regulated retail customer base.

STUDY RESULTS

Overall depreciation rates for the specific depreciable property analyzed and included in this study are shown in Appendices A-1 and A-2. For Tidewater assets, these rates translate into an annual depreciation expense of $9.0 million based on Tidewater's depreciable investment at December 31, 2025. The annual equivalent depreciation expense calculated collected under current rates in 2025 using the approved rates was $9.5 million. The proposed decrease is $560 thousand from current deprecation rates. Appendix A-1 and A-2 demonstrates the development of the annual depreciation and amortization rates and annual accruals by account. Appendix B presents a comparison of approved rates and accrual amounts versus proposed rates and accrual amounts by account. Appendix C presents a summary of life estimates by account. Appendices D shows the five-year net salvage history for all accounts. A summary of results is shown in the table below.

TIDEWATER WATER COMPANY
DEPRECIATION EXPENSE SUMMARY

Function	Plant	Current Accrual	Proposed Accrual	Difference
Source of Supply	8,117,904.68	186,210.44	148,967.07	(37,243.37)
Pumping	55,730,842.37	1,759,892.71	2,016,552.71	256,660.00
Water Treatment	12,943,321.23	374,061.98	446,429.42	72,367.43
Transmission and Distribution	309,657,517.68	5,538,469.12	4,985,939.35	(552,529.78)
Gerneal Depreciated	10,825,456.20	1,329,881.07	930,285.32	(399,595.76)
General Amortized	3,132,919.41	338,794.99	414,590.00	75,795.01
Amortize Reserve Diff				-
Retire Fully Amortized Plant	4,530,927.39	-	-	-
Annual Accrual Reserve True Up			113,004.33	113,004.33
Net Salvage Accrual Anortization			(88,335.23)	(88,335.23)
Total	404,938,888.96	9,527,310.32	8,967,432.96	(559,877.36)

GENERAL DISCUSSION

Definition

The term "depreciation" as used in this study is considered in the accounting sense, that is, a system of accounting that distributes the cost of assets, less net salvage (if any), over the estimated useful life of the assets in a systematic and rational manner. It is a process of allocation, not valuation. This expense is systematically allocated to accounting periods over the life of the properties. The amount allocated to any one accounting period does not necessarily represent the loss or decrease in value that will occur during that particular period. The Company accrues depreciation on the basis of the original cost of all depreciable property included in each functional property group. On retirement the full cost of depreciable property, less the net salvage value, is charged to the depreciation reserve.

Basis of Depreciation Estimates

The straight-line, broad (average) life group, remaining-life depreciation system was employed to calculate annual and accrued depreciation in this study. In this system, the annual depreciation expense for each group is computed by dividing the original cost of the asset less allocated depreciation reserve by its respective average life group remaining life. The resulting annual accrual amounts of all depreciable property within a function were accumulated, and the total was divided by the original cost of all functional depreciable property to determine the depreciation rate. The calculated remaining lives and annual depreciation accrual rates were based on attained ages of plant in service and the estimated service life and salvage characteristics of each depreciable group. The computations of the annual depreciation rates and remaining lives are shown in Appendix A-1.

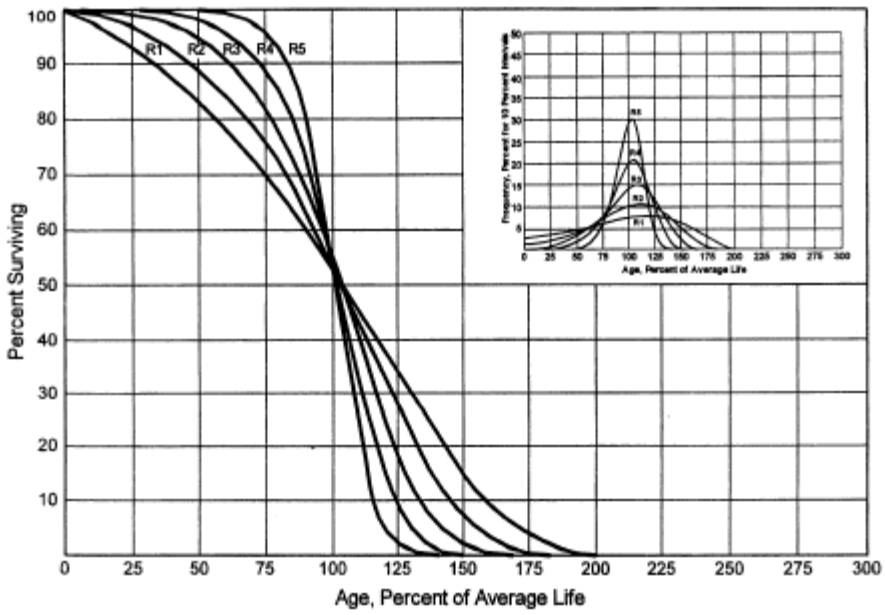
Actuarial analysis was used with each account within a function where sufficient data were available, and judgment was used to some degree on all accounts.

Survivor Curves

To fully understand depreciation projections in a regulated utility setting, there must

be a basic understanding of survivor curves. Individual property units within a group do not normally have identical lives or investment amounts. The average life of a group can be determined by first constructing a survivor curve which is plotted as a percentage of the units surviving at each age. A survivor curve represents the percentage of property remaining in service at various age intervals. The Iowa Curves are the result of an extensive investigation of life characteristics of physical property made at Iowa State College Engineering Experiment Station in the first half of the prior century. Through common usage, revalidation and regulatory acceptance, these curves have become a descriptive standard for the life characteristics of industrial property. Understanding the dispersion curve that is selected is just as important as the selection of the average service life. Without the dispersion curve and the association of retirement data around the average service life, there is no meaningful way to determine a representative remaining life for the account. To better understand dispersions and how they relate to the Iowa curves used in this depreciation study, an example of Iowa Curves and their associated families are shown and explained below.

There are four families in the Iowa Curves that are distinguished by the relation of the age at the retirement mode (largest annual retirement frequency) and the average life. For distributions with the mode age greater than the average life, an "R" designation (i.e., Right modal) is used. The family of “R” moded curves is shown below.



Similarly, an "S" designation (i.e., Symmetric modal) is used for the family whose mode age is symmetric about the average life. An "L" designation (i.e., Left modal) is used for the family whose mode age is less than the average life. A special case of left modal dispersion is the "O" or origin modal curve family. Within each curve family, numerical designations are used to describe the relative magnitude of the retirement frequencies at the mode. A "6" indicates that the retirements are not greatly dispersed from the mode (i.e., high mode frequency) while a "1" indicates a large dispersion about the mode (i.e., low mode frequency). For example, a curve with an average life of 30 years and an "L3" dispersion is a moderately dispersed, left modal curve that can be designated as a 30 L3 Curve. An SQ, or square, survivor curve occurs where no dispersion is present (i.e., units of common age retire simultaneously).

Most property groups can be closely fitted to one Iowa Curve with a unique average service life. The blending of judgment concerning current conditions and future trends

along with the matching of historical data permits the depreciation analyst to make an informed selection of an account's average life and retirement dispersion pattern.

Actuarial Analysis

Actuarial analysis (retirement rate method) was used in evaluating historical asset retirement experience where vintage data were available and sufficient retirement activity was present. In actuarial analysis, interval exposures (total property subject to retirement at the beginning of the age interval, regardless of vintage) and age interval retirements are calculated. The complement of the ratio of interval retirements to interval exposures establishes a survivor ratio. The survivor ratio is the fraction of property surviving to the end of the selected age interval, given that it has survived to the beginning of that age interval. Survivor ratios for all of the available age intervals were chained by successive multiplications to establish a series of survivor factors, collectively known as an observed life table. The observed life table shows the experienced mortality characteristic of the account and may be compared to standard mortality curves such as the Iowa Curves. Where data were available, accounts were analyzed using this method. Placement bands were used to illustrate the composite history over a specific era, and experience bands were used to focus on retirement history for all vintages during a set period. The results from these analyses for those accounts which had data sufficient to be analyzed using this method are shown in the Life Analysis section of this report. Actuarial transactions were available from 2005-2024.

Judgment

Any depreciation study requires informed judgment by the analyst conducting the study. Knowledge of the property being studied, utilities' policies and procedures, general trends in technology and industry practice, and a sound basis of understanding depreciation theory are needed to apply this informed judgment. Judgment was used in areas such as survivor curve modeling and selection, depreciation method selection, simulated plant record method analysis, and actuarial analysis.

Judgment is not defined as being used in cases where there are specific, significant

pieces of information that influence the choice of a life or curve. Those cases would simply be a reflection of specific facts into the analysis. Where there are multiple factors, activities, actions, property characteristics, statistical inconsistencies, implications of applying certain curves, property mix in accounts, or a multitude of other considerations that impact the analysis (potentially in various directions), judgment is used to take all of these factors and synthesize them into a general direction or understanding of the characteristics of the property. Individually, no one factor in these cases may have a substantial impact on the analysis, but, overall, may shed light on the utilization and characteristics of assets. Judgment may also be defined as deduction, inference, wisdom, common sense, or the ability to make sensible decisions. There is no single correct result from statistical analysis; hence, there is no answer absent judgment. At the very least, for example, any analysis requires choosing upon which bands to place more emphasis.

The establishment of appropriate average service lives and retirement dispersions for the Source of Supply, Pumping, Water Treatment, Transmission and Distribution, and General accounts requires judgment to incorporate the understanding of the operation of the system with the available accounting information analyzed using the Retirement Rate actuarial methods. The appropriateness of lives and curves depends not only on statistical analyses, but also on how well future retirement patterns will match past retirements.

Current applications and trends in use of the equipment also need to be factored into life and survivor curve choices in order for appropriate mortality characteristics to be chosen.

Average Life Group Depreciation

The source of Tidewater's existing depreciation accruals uses the average life group ("ALG") depreciation procedure, broad group with remaining life. This methodology was recently presented to the Delaware Public Service Commission in in Docket Number 25-0037 for Veolia Delaware water assets in 2025. At the request of Tidewater, this study

uses the ALG depreciation procedure to group the assets within each account. After an average service life and dispersion were selected for each account, those parameters were used to estimate what portion of the surviving investment of each vintage was expected to retire. The depreciation of the group continues until all investment in the vintage group is retired. ALG groups are defined by their respective account dispersion and, life, and salvage amounts. A straight-line rate for each ALG group is calculated by computing a composite remaining life for each group across all vintages within the group, dividing the remaining investment to be recovered by the remaining life to find the annual depreciation expense and dividing the annual depreciation expense by the surviving investment. The resulting rate for each ALG group is designed to recover all retirements less net salvage when the last unit retires. The ALG procedure recovers net book cost over the life of each account by averaging many components.

Theoretical Depreciation Reserve

The book depreciation reserve was derived from Tidewater records where the provision for depreciation is maintained on a region and plant account level. As a point of comparison, a theoretical depreciation reserve model was computed for each analyzed account. This study used a reserve model that relied on a prospective concept relating future retirement and accrual patterns for property, given current life and salvage estimates. The theoretical reserve of a group is developed from the estimated remaining life, total life of the property group, and estimated net salvage. The theoretical reserve represents the portion of the group cost that would have been accrued if current forecasts were used throughout the life of the group for future depreciation accruals. The computation involves multiplying the vintage balances within the group by the theoretical reserve ratio for each vintage. The average life group method requires an estimate of dispersion and service life to establish how much of each vintage is expected to be retired in each year until all property within the group is retired. Estimated average service lives and dispersion determine the amount within each average life group. The straight-line remaining-life theoretical reserve ratio at any given age ("RR") is calculated as:

$$RR = 1 - \frac{(Average\ Remaining\ Life)}{(Average\ Service\ Life)} * (1 - Net\ Salvage\ Ratio)$$

DETAILED DISCUSSION

Depreciation Study Process

This depreciation study encompassed four distinct phases. The first phase involved data collection and field interviews. The second phase was where the initial data analysis occurred. The third phase was where the information and analysis were evaluated. Once the first three stages were complete, the fourth phase began. This phase involved the calculation of deprecation rates and documenting the corresponding recommendations.

During the Phase 1 data collection process, historical data was compiled from continuing property records and general ledger systems. Data was validated for accuracy by extracting and comparing to multiple financial system sources. Audit of this data was validated against historical data from prior periods, historical general ledger sources, and field personnel discussions. This data was reviewed extensively to put in the proper format for a depreciation study. Further discussion on data review and adjustment is found in this study. Also, as part of the Phase 1 data collection process, numerous discussions were conducted with engineers and field operations personnel to obtain information that would assist in formulating life and salvage recommendations in this study. One of the most important elements of performing a proper depreciation study is to understand how the utility utilizes assets and the environment of those assets. Interviews with engineering and operations personnel are important methods that allow the analyst to obtain information that is beneficial when evaluating the output from the life programs in relation to the utility's actual asset utilization and environment. Information that was gleaned in these discussions is found both in the Detailed Discussion of this study in the life analysis sections and also in workpapers.

Phase 2 is where the actuarial analysis is performed. Phases 2 and 3 overlap to a significant degree. The detailed property records information is used in Phase 2 to develop observed life tables for life analysis. These tables are visually compared to industry standard tables to determine historical life characteristics. It is possible that the analyst would cycle back to this phase based on the evaluation process performed in Phase 3. This information was then carried forward into Phase 3 for the evaluation process.

Phase 3 is the evaluation process which synthesizes analysis, interviews, and operational characteristics into a final selection of asset lives. The historical analysis from Phase 2 is further enhanced by the incorporation of recent or future changes in the characteristics or operations of assets that were revealed in Phase 1. Phases 2 and 3 allow the depreciation analyst to validate the asset characteristics as seen in the accounting transactions with actual Utility operational experience.

Finally, Phase 4 involved the calculation of accrual rates, making recommendations and documenting the conclusions in a final report. The calculation of accrual rates is found in Appendix A-1. The computation of accrual rates for general plant amortized accounts is found in Appendix A-2. Recommendations for the various accounts are contained within the Detailed Discussion of this report. The depreciation study flow diagram shown as Figure 1[1] documents the steps used in conducting this study. Depreciation Systems[2], page 289, documents the same basic processes in performing a depreciation study which are: statistical analysis, evaluation of statistical analysis, discussions with management, forecast assumptions, write logic supporting forecasts and estimation, and write final report.

[1] INTRODUCTION TO DEPRECIATION FOR PUBLIC UTILITIES & OTHER INDUSTRIES, AGA EEI (2013).
[2] W. C. Fitch and F.K.Wolf, DEPRECIATION SYSTEMS, Iowa State Press, at page 289 (1994).

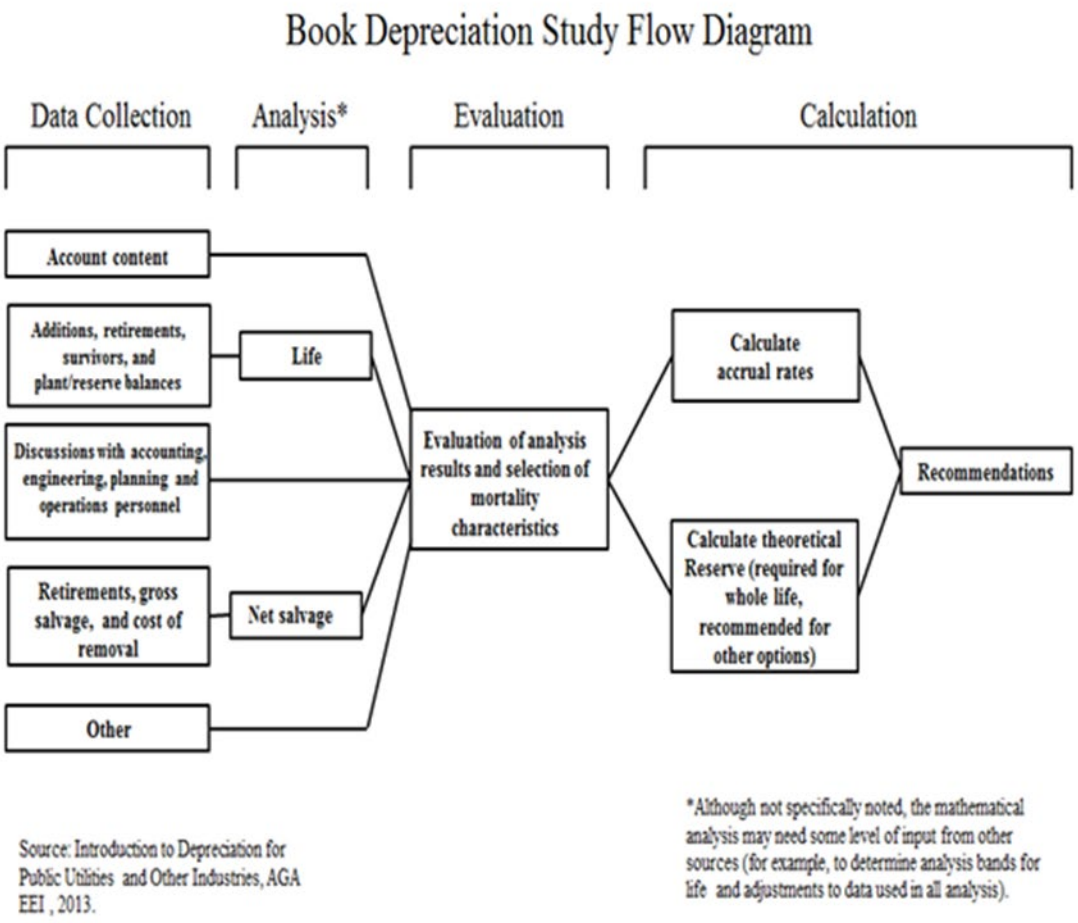


Figure 1

TIDEWATER DELAWARE WATER AND WASTE

WATER DEPRECIATION STUDY PROCESS

Depreciation Rate Calculation Process

Annual depreciation expense amounts for Tidewater's depreciable property were calculated by the straight line, average life group, remaining life procedure.

In a whole life representation, the annual accrual rate is computed by the following equation,

$$\text{Annual Accrual Rate} = \frac{(100\% - \text{Net Salvage Percent})}{\text{Average Service Life}}$$

Use of the remaining life depreciation system adds a self-correcting mechanism, which accounts for any differences between theoretical and book depreciation reserve over the remaining life of the group. With the straight line, remaining life, average life group system using Iowa Curves, composite remaining lives were calculated according to standard broad group expectancy techniques, noted in the formula below:

$$\text{Composite Remaining Life} = \frac{(\sum \text{Original Cost} - \text{Theoretical Reserve})}{\sum \text{Whole Life Annual Accrual}}$$

For each plant account, the difference between the surviving investment, and the allocated book depreciation reserve, was divided by the composite remaining life to yield the annual depreciation expense as noted in this equation.

$$\text{Annual Depreciation Expense} = \frac{\text{Original Cost - Book Reserve - (Original Cost * Net Salvage \%)}}{\text{Composite Remaining Life}}$$

Within a group, the sum of the group annual depreciation expense amounts, as a percentage of the depreciable original cost investment summed, gives the annual depreciation rate as shown below:

$$\text{Annual Depreciation Rate} = \frac{\sum \text{Annual Depreciation Expense}}{\sum \text{Original Cost}}$$

These calculations are shown in Appendices A-1 and A-2. The calculations of the theoretical depreciation reserve values and the corresponding remaining life calculations are shown in the workpapers for this study. Book depreciation reserves are maintained on a plant account level basis. Theoretical reserve computations were used to reallocate depreciation reserves by account and to compute remaining life for each account. Annual depreciation expense amounts for the depreciable accounts of Tidewater were calculated by the straight-line method, ALG procedure, and the remaining life technique. For each account, the difference between the surviving investment and the book depreciation reserve, was divided by the average remaining life to yield the annual depreciation expense. These calculations are shown in Appendices A-1 and A-2.

Vintage Group Amortization

Tidewater proposes to implement vintage group amortization for assets in Accounts 391-398, excluding Account 392 Transportation Equipment and Account 396 Power Operated Equipment. Under vintage group amortization, assets in the amortized accounts are retired when they reach the projected service life of the group. This study has reviewed the life and net salvage parameters for all accounts in this group. In the life analysis and salvage analysis sections, recommended changes to each account describe the depreciation parameters requested for those accounts. The depreciation accrual for General amortized property plant will change to reflect the reserve position of the various accounts and small changes in life parameters.. This allows the Company to continue to track small dollar General Property plant items in a cost-efficient manner.

The changes in General Property plant for Vintage Group Amortization assets resulted in a reserve difference that has to be addressed to provide for an accurate recovery of the cost for these assets. This study proposes a 10 year

recovery period for the amortization of this difference. These computations are shown in Appendix A-2.

Remaining Life Calculation

The establishment of appropriate average service lives and retirement dispersions for each account within a functional group was based on engineering judgment that incorporated available accounting information analyzed using the Retirement Rate actuarial methods. After establishment of appropriate average service lives and retirement dispersion, remaining life was computed for each account. Theoretical depreciation reserve with zero net salvage was calculated using theoretical reserve ratios as defined in the theoretical reserve portion of the General Discussion section. The difference between account balance and theoretical reserve was then spread over the ALG depreciation accruals. Remaining life computations are found for each account in the workpapers.

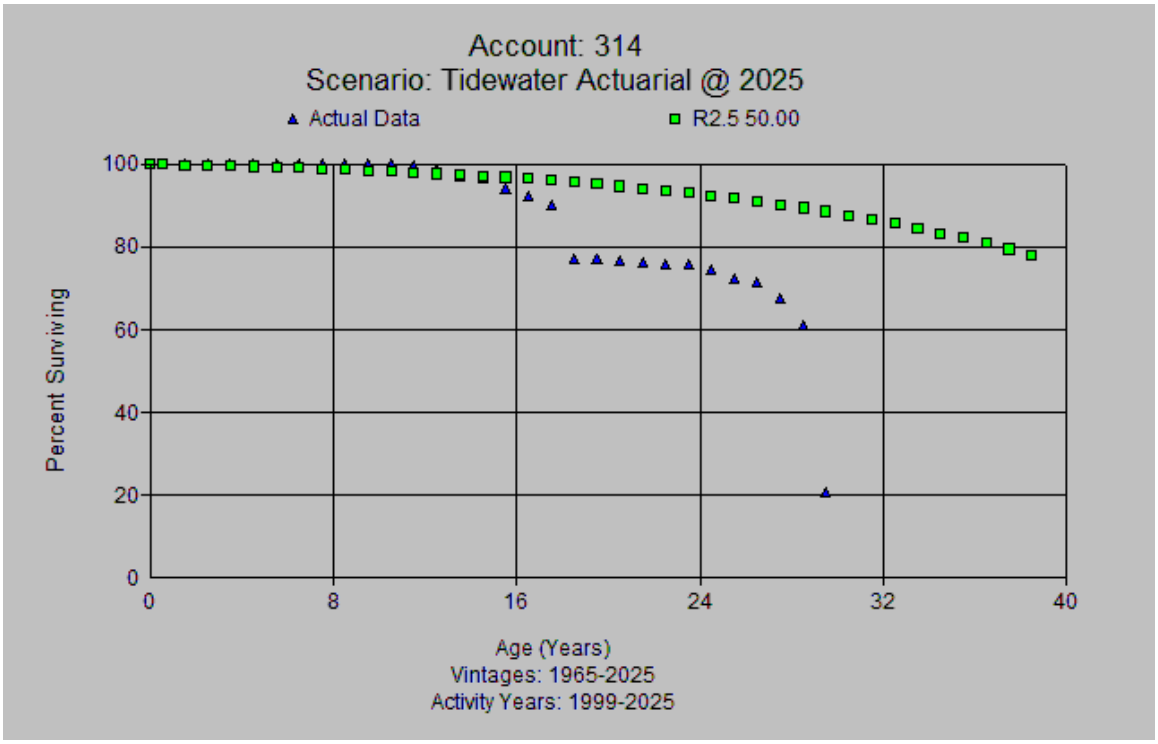
LIFE ANALYSIS

The retirement rate actuarial life analysis was used in performing this study. The retirement rate actuarial analysis method was applied to all of the specified accounts for Tidewater. For each account, an actuarial retirement rate analysis was made with placement and experience bands of varying width. The historical observed life table was plotted and compared with various Iowa Curves to obtain the most appropriate match. A selected curve for each account is shown in the Life Analysis Section of this report. The observed life tables for all analyzed placement and experience bands are provided in workpapers. The existing lives are based on a 1998 Tidewater depreciation study.

Life Analysis

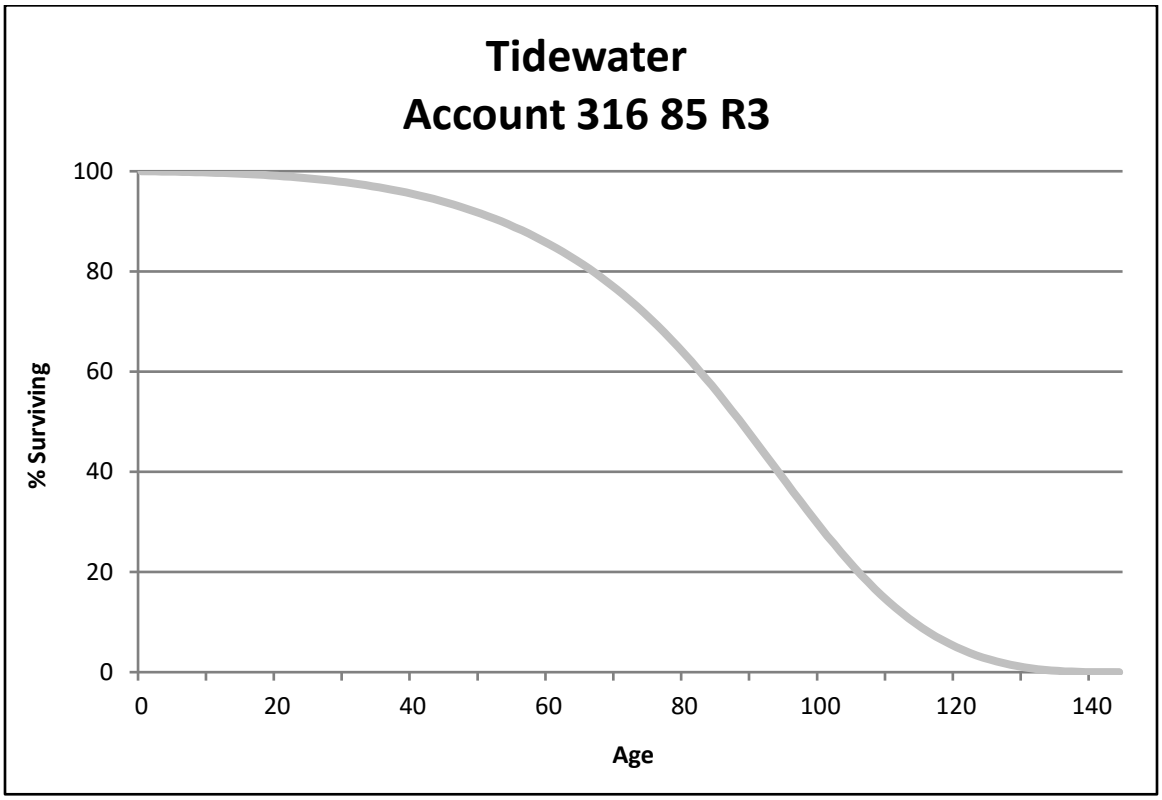
Account 314 Wells and Springs (50 R2.5)

This account consists of the cost of wells and springs used as a source of supply. Such assets might be collecting basins, pipes, springs and appurtenances, and wells and casings. The total account balance for this account is $7.5 million. The approved life is 30 years with a R3 dispersion The Company SME's identified there are 162 wells (49 different PSIDs). They vary in age with some as old as 50 years old. They have drilled a number of new wells over the last 25 years. When a well is rehabbed, it is a capital cost. They have retired wells due to water quality or reconfiguring the site as well. They have wells that are still in service at 50 years – looking at replacing. Some of the above ground equipment would have to be replaced more frequently. They rehab (swab) occasionally. A life longer than 30 years is expected – perhaps 50 years. Our experience and that of Company SMEs, as well as the limited results from the actuarial analysis, suggest that this account will have a longer life than the existing life. Our proposed average service life for this account is 50 with an R2.5 dispersion curve. A graph of the observed life table compared to the proposed curve and life for this account is shown below.


Account: 314
Scenario: Tidewater Actuarial @ 2025
Actual Data
R2.5 50.00
Percent Surviving
100
80
60
40
20
0
0
8
16
24
32
40
Age (Years)
Vintages: 1965-2025
Activity Years: 1999-2025

Account 316 Supply Mains (85 R3)

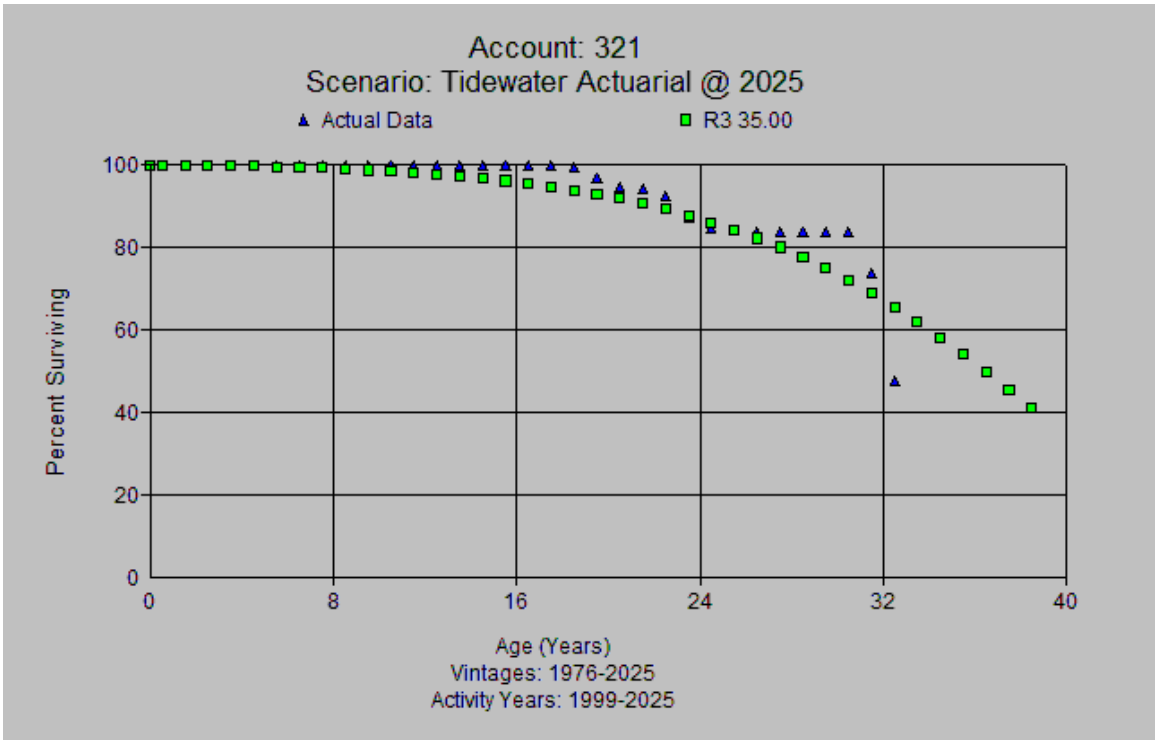
This account consists of raw water lines and intertie vaults, and other supply mains, pipes, aqueducts, canals, and their appurtenances. The total account balance for this account is $631 thousand. The approved average service life in is 75 years with a R3 dispersion. Company SME input is the material used is generally ductile iron. They would expect a 75 year or more life for supply mains. At the air force base, the supply mains were put in in the 1950s and are targeted to be replaced soon. The water in supply mains is not treated. They have not seen that as a material issue. A 10-year increase is operationally reasonable. The actuarial analysis is indeterminant. Our proposed life for this account is to increase the average service life to 85 years life with an R3 dispersion curve. A generic graph of 85 R3 curve is shown below.



Pumping Plant

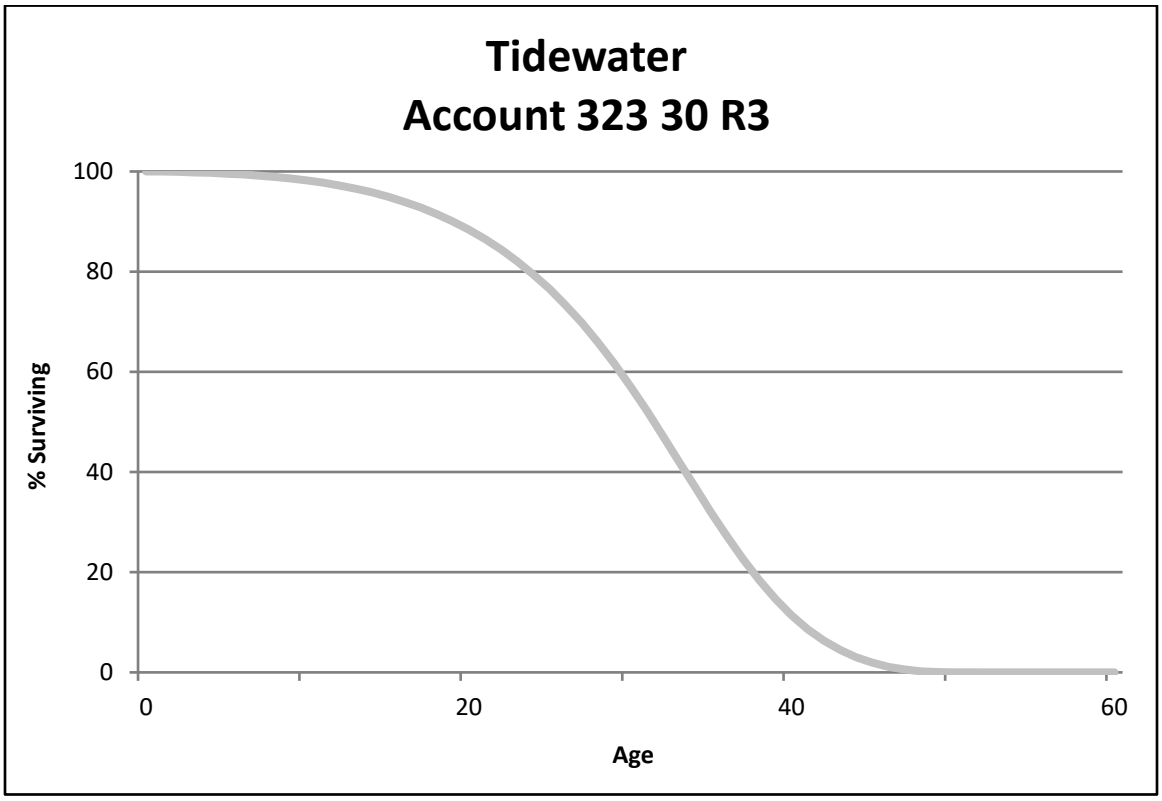
Account 321 Structures and Improvements- Pumping Plant (35 R3)

This account consists of structures and various improvements associated with pumping facilities. The total account balance for this account is $16.6 million. The approved life is 35 years with a R3 dispersion. Feedback from Company SMEs is that typically, structures are basically small residential construction. This expectation matches the results of the actuarial analysis indications. Our proposed life for this account is to retain the average service life of 35 years with an R3 dispersion curve. A graph of the observed life table compared to the proposed curve and life for this account is shown below.



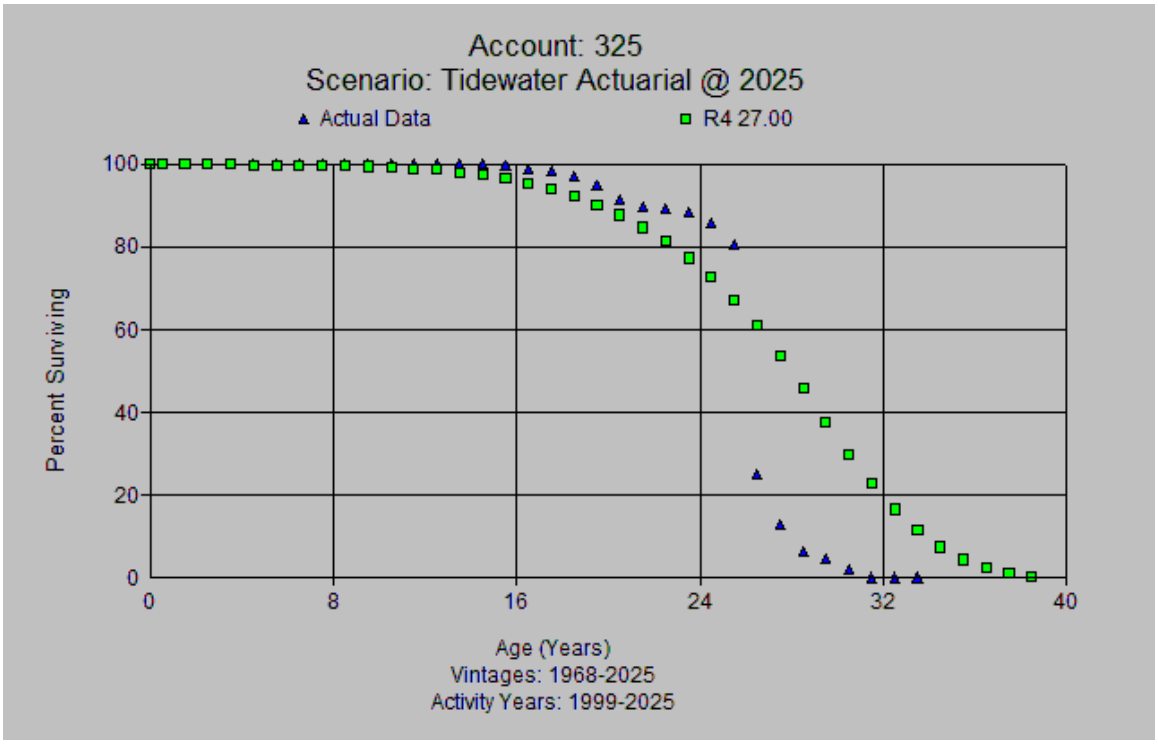
Account 323 Other Power Production Equipment (30 R3)

This account consists of other production equipment not powered by electric or diesel. The total account balance for this account is $890 thousand. Company SMEs see no operational reason that the proposed life would vary from the currently approved average service life. The approved life is 30 years with a R3 dispersion. Our proposed life for this account is to retain a 30 year life with an R3 dispersion curve. There has been little retirement of assets in this account. A graph of the generic 30 R3 curve for this account is shown.



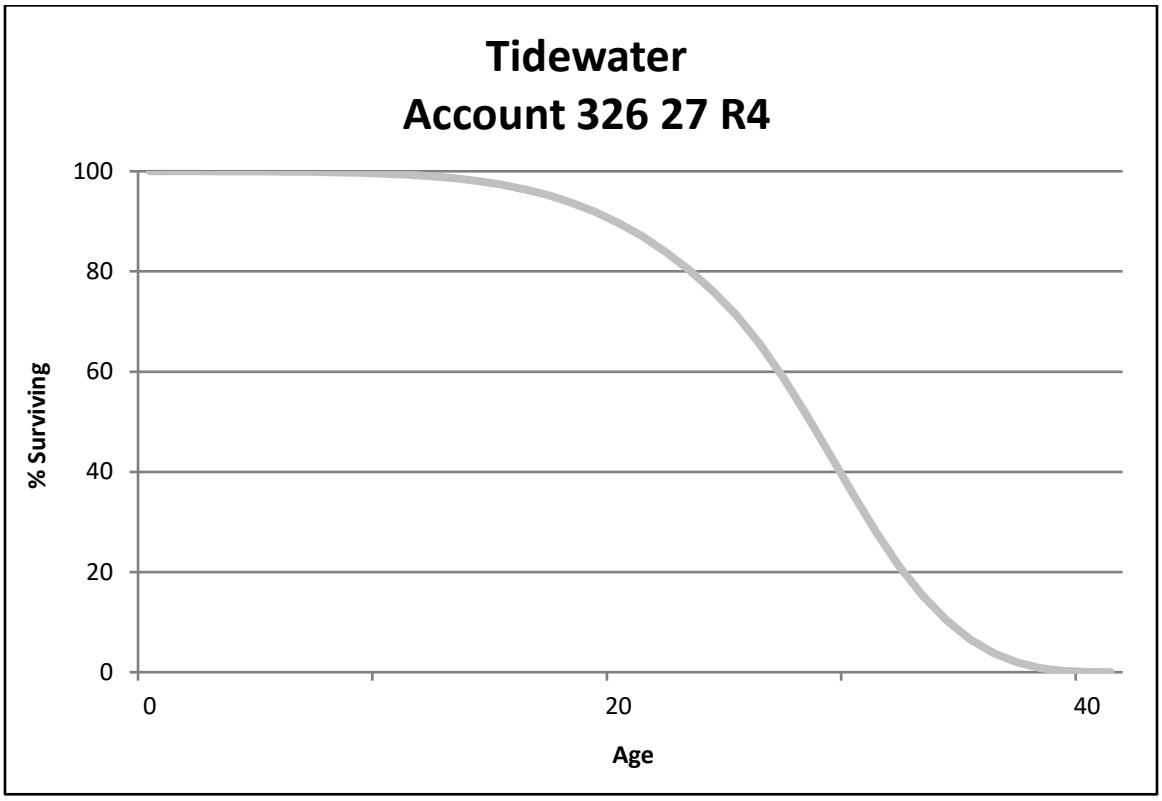
Account 325 Pumping Equipment Electrical (27 R4)

This account consists of electric pumps, piping, circulating, and other related equipment used in the pumping plant. The total account balance for this account is $38.2 million. The approved life is 30 years with a R2 dispersion. Our proposed life for this account is 27 with an R4 dispersion curve. The actuarial analysis for this account shows a sharp drop in the OLT at 20 to 25 years, making the actuarial analysis less reliable. The indications would suggest a slightly shorter life. Company SMEs stated moving from 30 years to 25 years would be operationally reasonable. A graph of the observed life table compared to the proposed curve and life for this account is shown below.



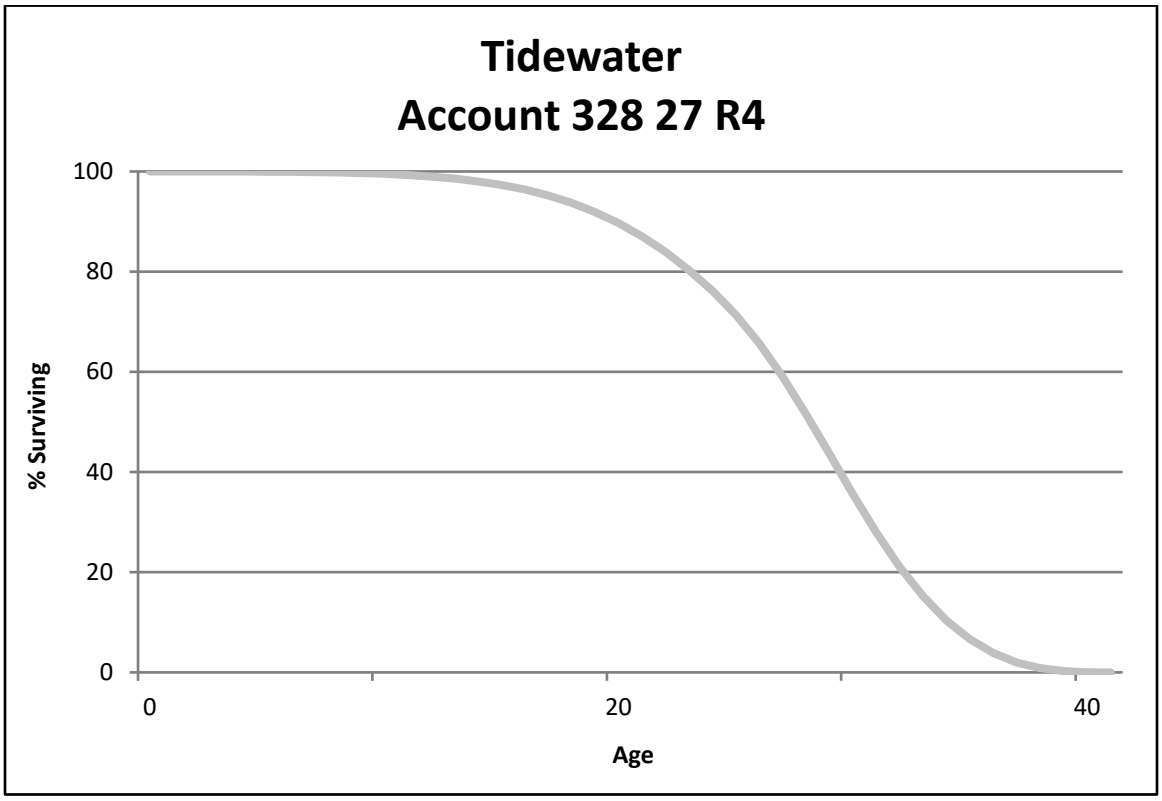
Account 326 Diesel Pumping Equipment (27 R4)

This account consists of electric pumps, piping, circulating, and other related equipment used in the pumping plant. The total account balance for this account is $2.6 thousand. The approved life is 30 years with an R3 dispersion. Our proposed life for this account is 27 with an R4 dispersion curve modeled off of Account 325. Company SMEs stated moving from 30 years to 25 years would be operationally reasonable. A generic graph of 27 R4 curve is shown below.



Account 328 Pumping Equipment Other (27 R4)

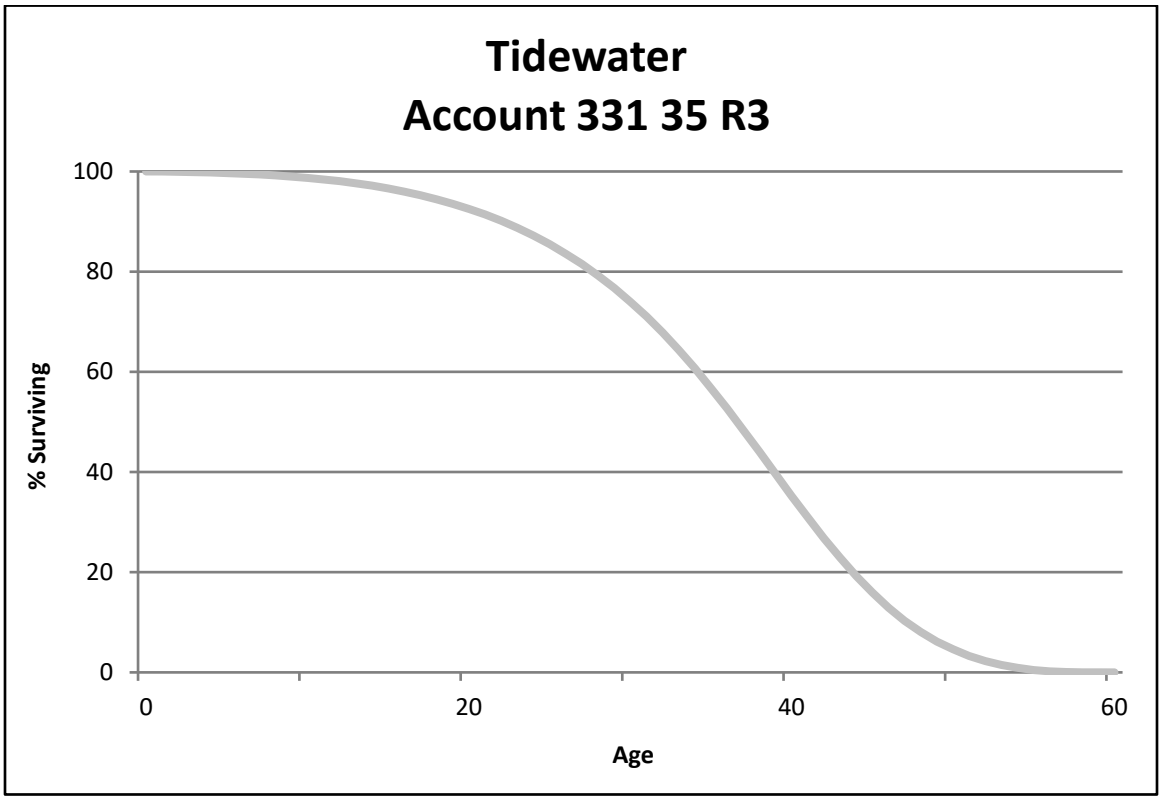
This account consists of electric pumps, piping, circulating, and other related equipment used in the pumping plant driven by non-electric or diesel sources. The total account balance in this account is $5.5 thousand. Company SMEs stated moving from 30 years to 25 years would be operationally reasonable. The proposed life for this account is to maintain the existing 27 year life with an R4 dispersion curve. A generic graph of the proposed curve and life for this account is shown below.



Water Treatment Plant

Account 331 Structures and Improvements Treatment (35 R3)

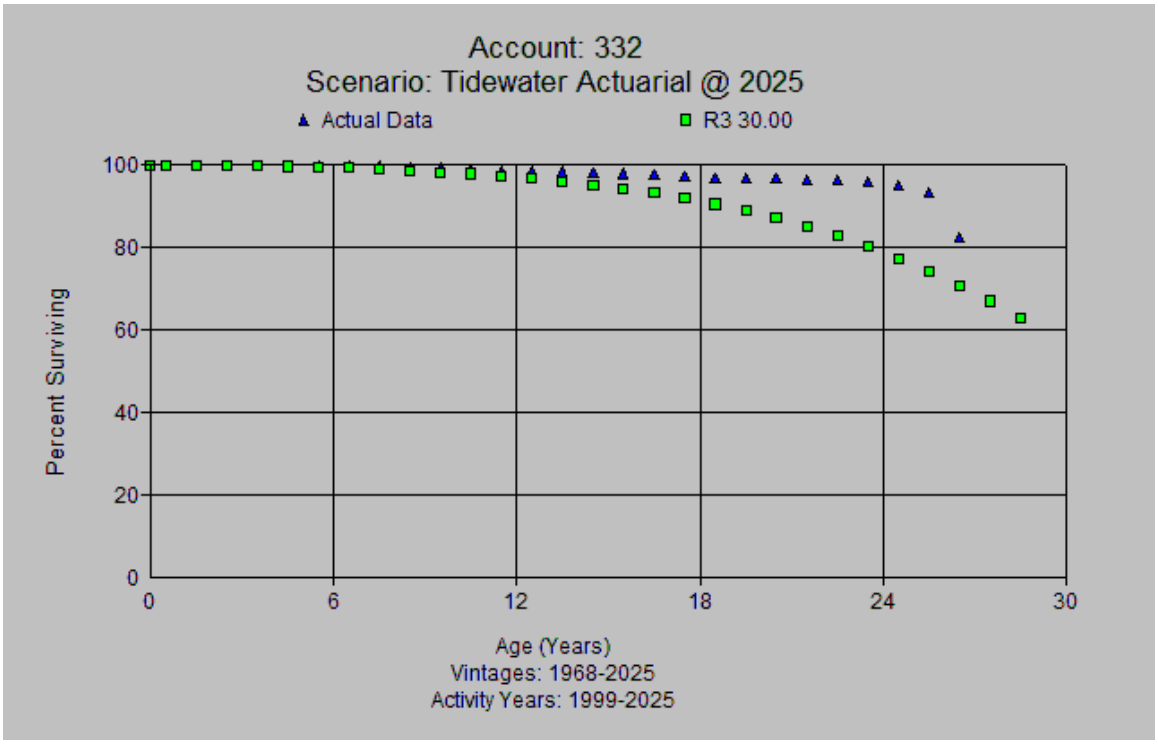
This account consists of structures and various improvements associated with treatment equipment. The total account balance in this account is $343 thousand. The approved life is 35 years with a R3 dispersion. Input from SMEs and our limited analysis point to retaining an average service life of 35 years with an R3 dispersion curve. A graph of a generic curve and life for this account is shown below.



Account 332 Water Treatment Equipment (30 R3)

This account consists of chemical equipment, disinfection facilities, sedimentation basins and equipment, and media for water treatment equipment, including filtration systems, and other equipment used in the water treatment plant. The total account balance for this account is $12.6 million. The authorized life is

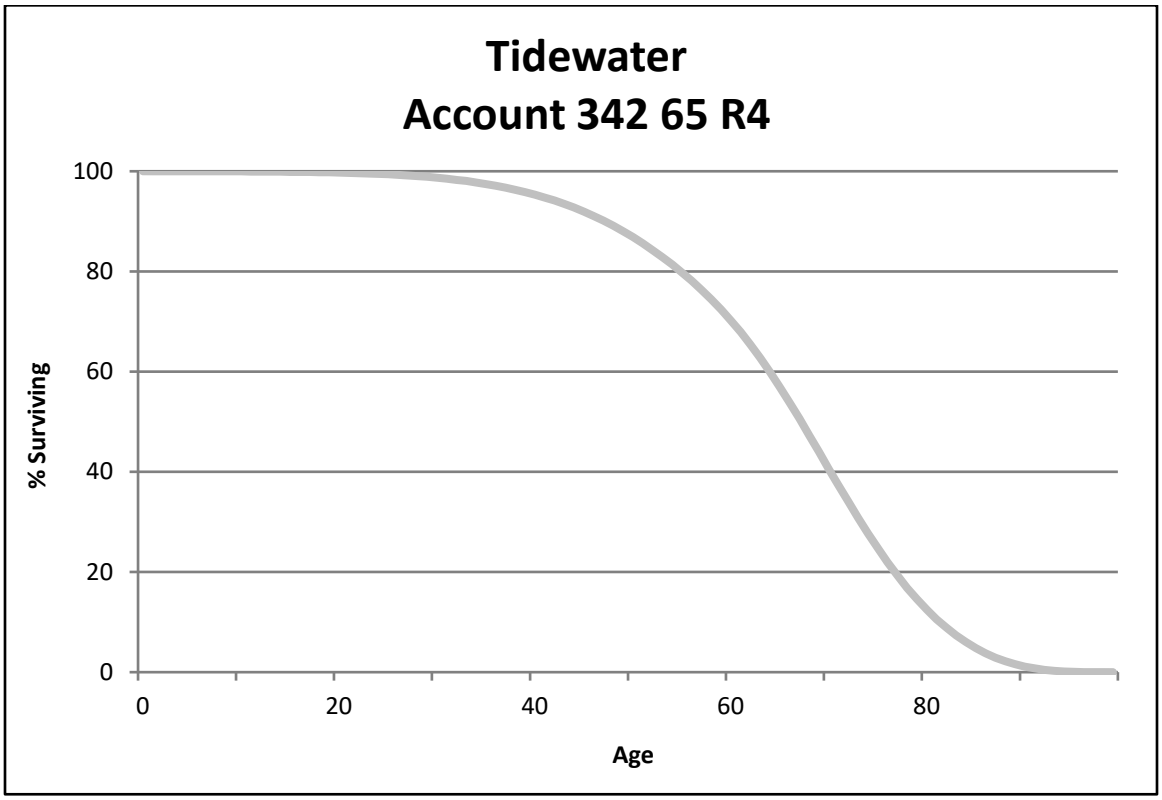
30 years with an R3 dispersion. Company SMEs believe that operationally, an average life of 30 years is still reasonable. The limited actuarial analysis would also suggest a 30 year or shorter life. We propose to retain an average service life for this account of 30 with an R3 dispersion curve. A graph of a generic curve and life for this account is shown below.



Transmission and Distribution Plant

Account 342 Distribution Reservoirs and Standpipes (65 R4)

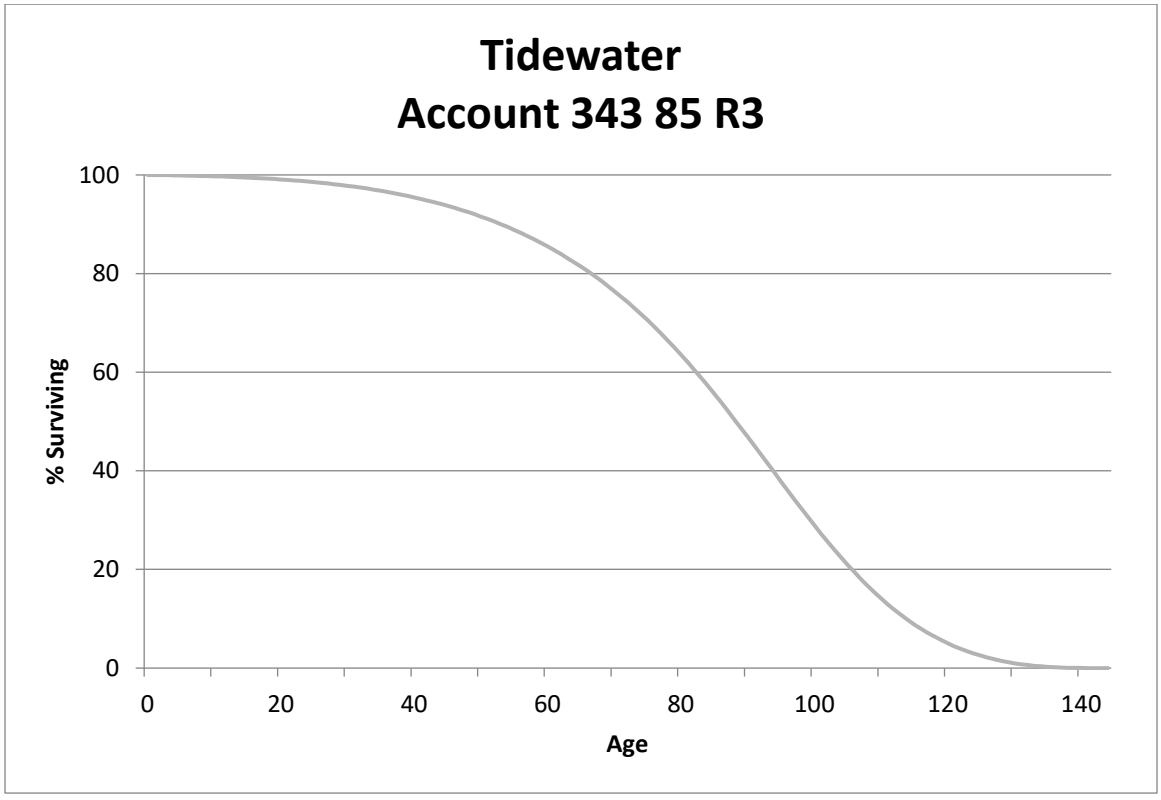
This account consists of reservoirs, tanks, standpipes, and appurtenances used in storing water for transmission and distribution plant. The total account balance for this account is $26.8 million. The authorized life is 45 years with an R4 dispersion. Given the maintenance programs to maintain the tanks, a 60 or 65 year life would be operationally expected. There is not a statistically valid result from the actuarial analysis. Given the feedback from SMEs and the general characteristics of well-maintained tanks, moving the average service life longer is reasonable. Our proposal for this account is to increase the average service life to 65 years with an R4 dispersion curve. A graph of a generic curve and life for this account is shown below.



Account 343 Transmission and Distribution Mains (85 R3)

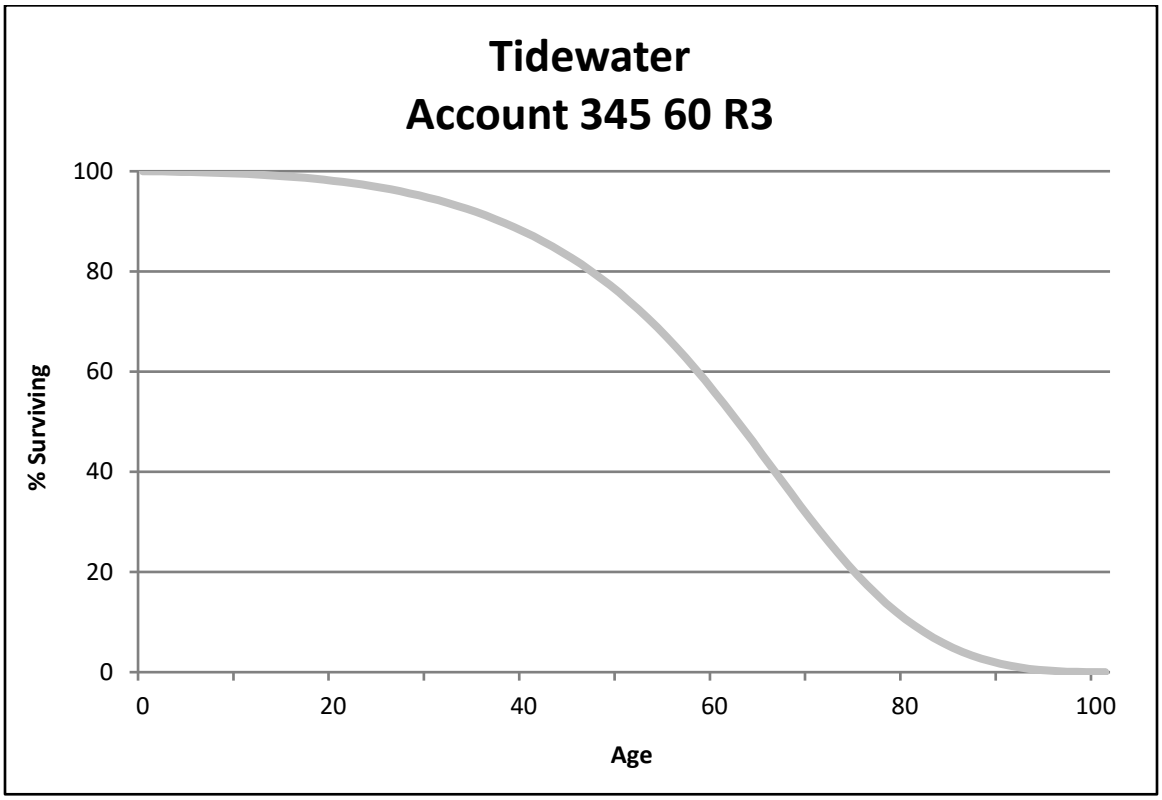
This account consists of transmission and distribution mains of varying types. The total account balance for this account is $190 million. The authorized life was 75 years with an R3 dispersion. Company SMEs state 98% are made of plastic. No material conditions are driving retirements of T&D Mains. Standard Pipe is PVC 909. 75 years is in the range of reasonable life expectations. Due to improved materials and maintenance practices, it is operationally reasonable to move the average service life 10 years longer to 85 years.

The proposed life for this account is an 85 year average service life with an R3 dispersion curve. A graph of a generic curve and life for this account is shown below.



Account 345 Services (60 R3)

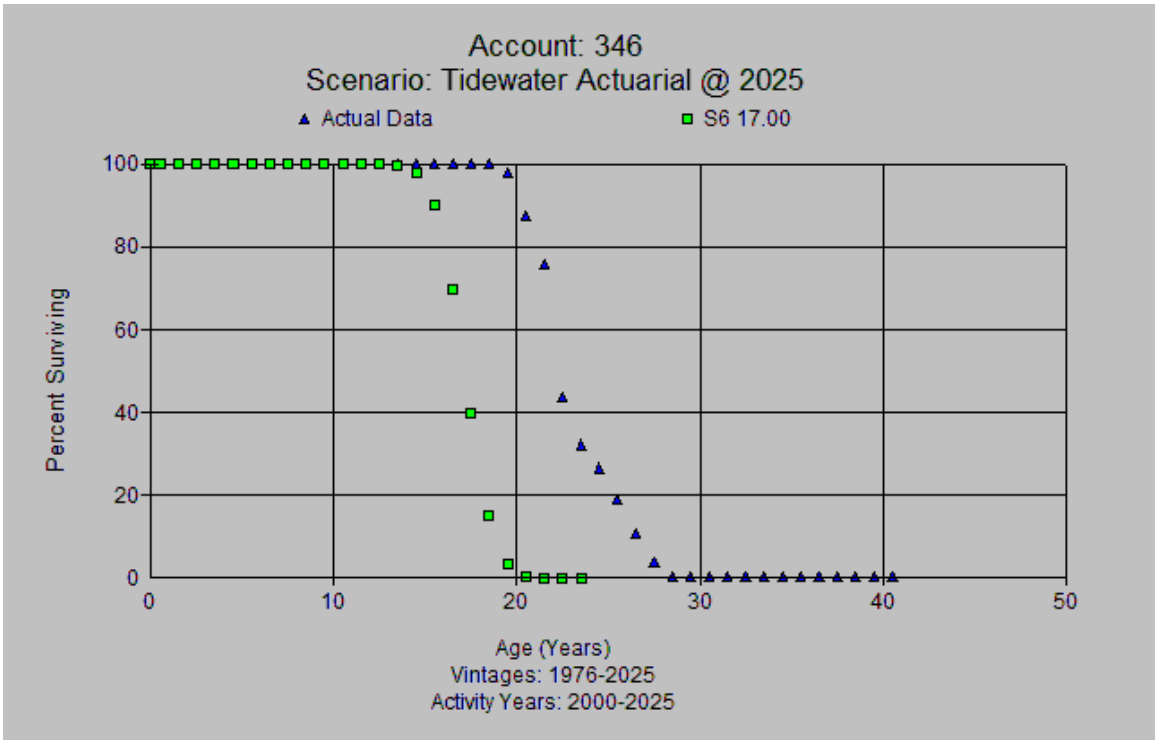
This account consists of service pipes and accessories leading from the main to the curb box by the customers' premises. The total account balance for this account is $51.7 million. The authorized life is 40 years with an R3 dispersion. Information from Company SMEs state the older materials (maybe 10%) will not likely last 45 years. The new materials will likely last longer than 45 years. Operationally, moving from the current 40 years to 60 years based on newer materials is reasonable. Based on operational information, limited actuarial results and judgement, our proposal for this account is to increase the average service life to 60 years with an R3 dispersion curve. A graph of a generic curve and life for this account is shown below.



Account 346 Meters (17 S6)

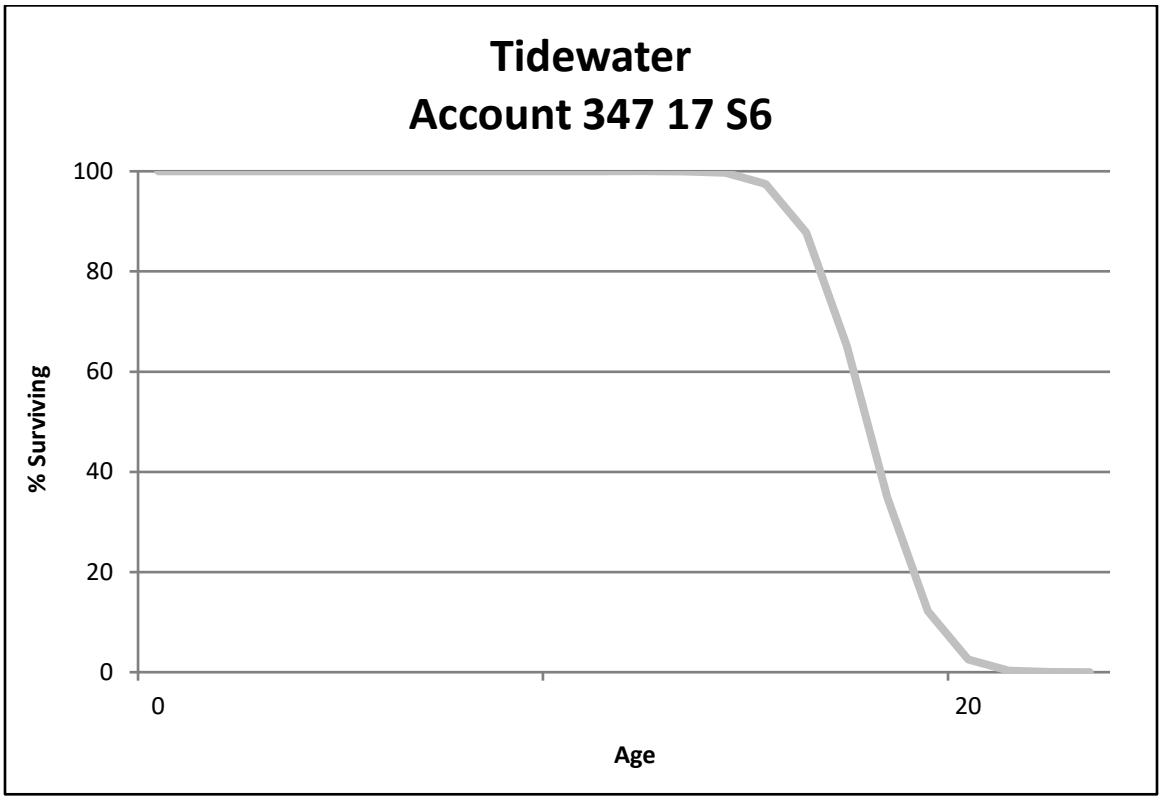
This account consists of meters, devices, and other appurtenances used for measuring the quantity of water delivered to users. The total account balance for this account is $14.8 million. The authorized life is 20 years with a R4 dispersion. Company SME input is as follows: For 5/8 in meters (58k out of 62k total meters), DE requires testing every 15 years. When they pull a meter for testing, they will retire the old meter and replace with a new meter. Large meters have to be tested more frequently but will not always be replaced on testing. Moving shorter is reasonable but only to 17 years to account for the longer life for the larger meters.

Historical life cycles are not indicative of current operations. Based on the GPU guidance, Company practices, SME input and the mix of assets in the account, the proposed average service life for this account is 17 with an S6 dispersion curve. A graph of the observed life table compared to the proposed curve and life for this account is shown below.



Account 347 Meter Installations (17 S6)

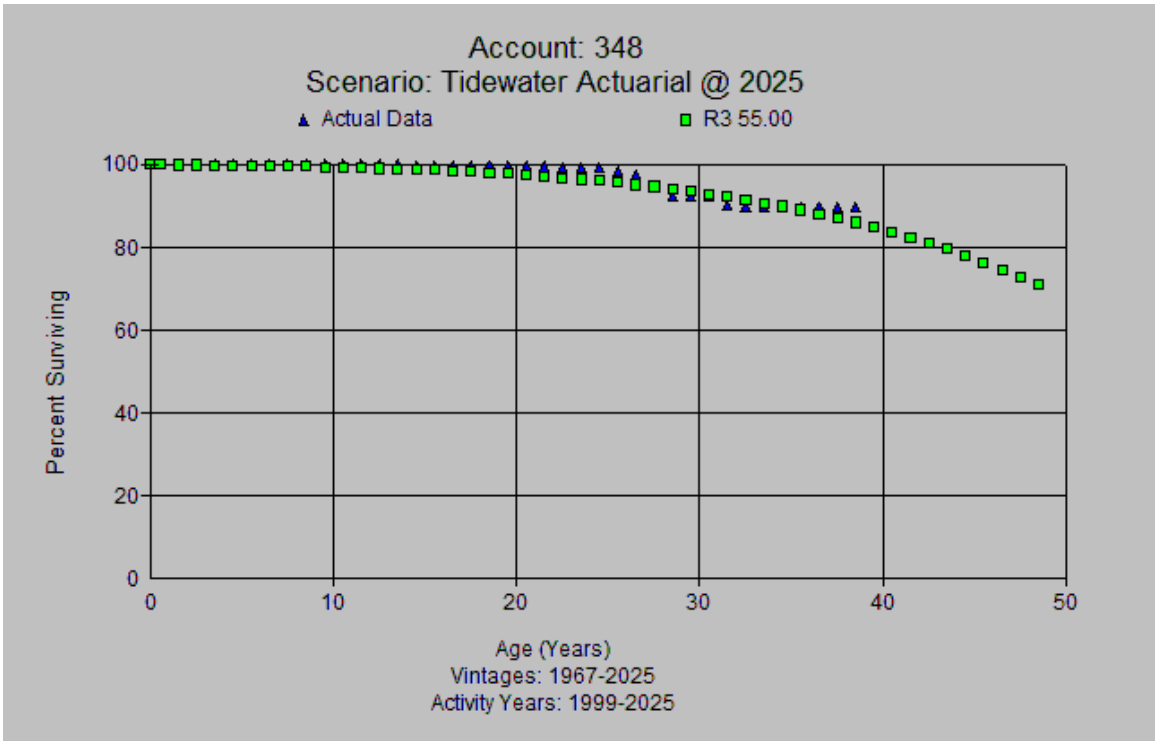
This account consists primarily of labor for meters installations. The total account balance for this account is $3.6 million. The authorized life is 30 years with a R3 dispersion. When a meter is retired, investment in this account is also retired. The Company is also considering merging this account with Account 346. SME input for this account is that modeling this account similar to Account 346 is reasonable. A graph of a generic curve and life for this account is shown below.



Account 348 Hydrants (55 R3)

This account consists of hydrants in service owned by the utility. The total account balance for this account is $22.5 million. The authorized life is 50 years with a R3 dispersion. Feedback from Company SMEs is that the life would be less than the life of mains. They will replace hydrants from time to time. If properly maintained they will last more than 50 years. Relocations and vehicle accidents are drivers of failure. Operationally, 50 years or 55 years is reasonable.

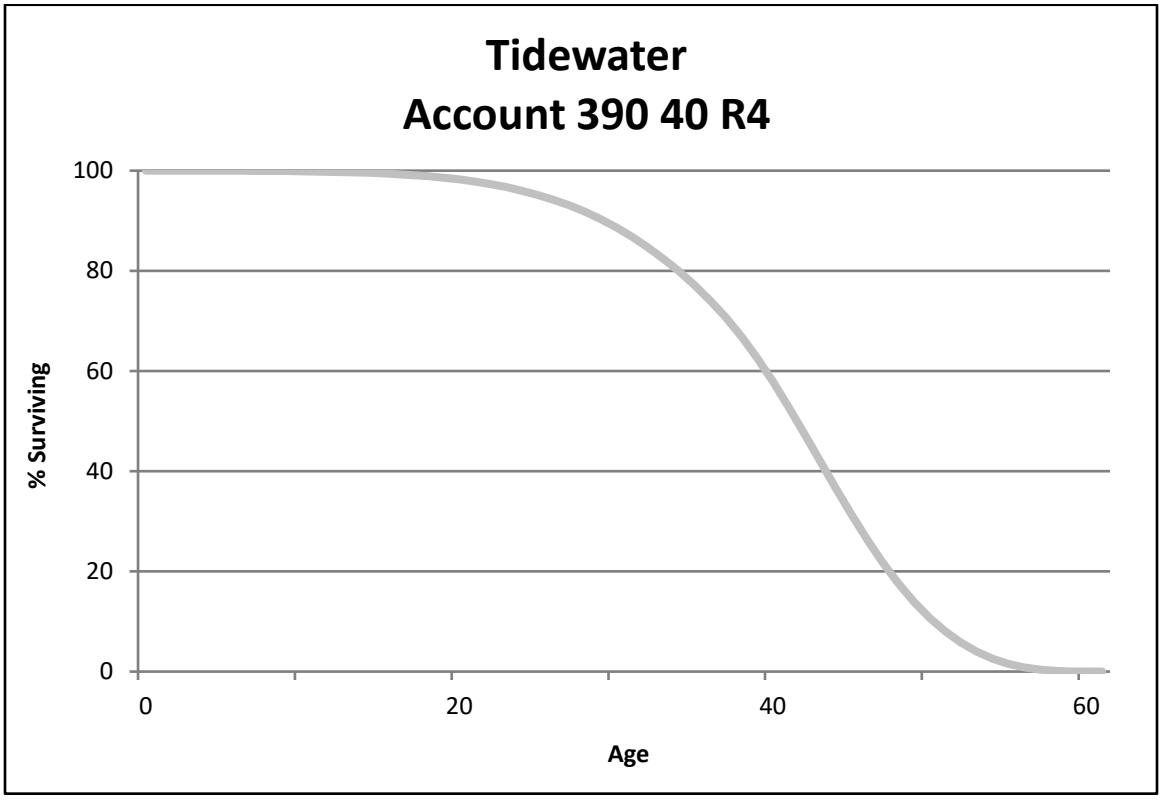
Based on SME feedback and the limited actuarial analysis, the proposed life for this account is to increase the average service life to 55 years with an R3 dispersion curve. A graph of the observed life table compared to the proposed curve and life for this account is shown below.



General Plant

Account 390 Structures and Improvements (40 R4)

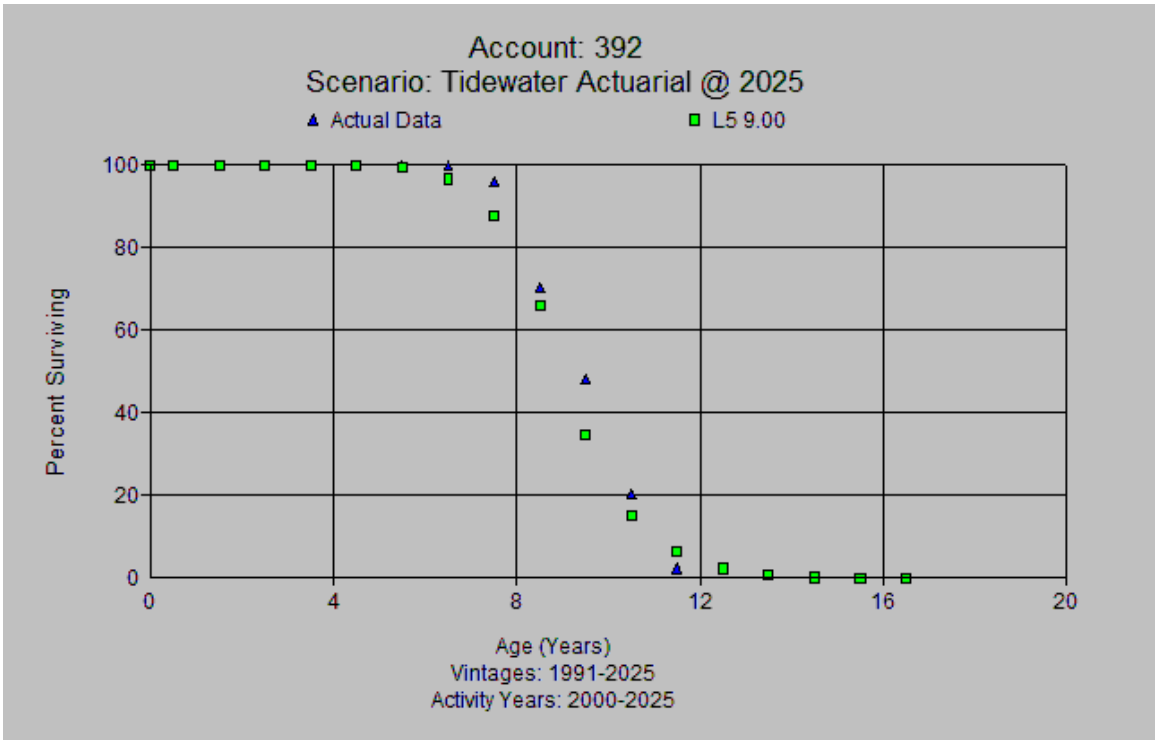
This account consists of structures and various improvements associated with general offices not tied to a specific functional group. The total account balance for this account is $451 thousand. The authorized life is a 40 year life with an R4 dispersion. Input from the Company SMEs: These are primarily office buildings. The Dover office and engineering office are “pole barns”. They would not expect as long a life as other type of general office construction. Remaining at 40 years is operationally reasonable. The proposed life for this account is to retain 40 years with an R4 dispersion curve. A generic graph of the proposed curve and life for this account is shown below.



Account 392 Transportation Equipment (9 L5)

This account consists of transportation equipment that is licensed on local roadways. The total account balance in this account is $9.3 million. The authorized life is 8 years with an R3 dispersion. Company SMEs relayed the following information: The majority of trucks are pickups and heavier trucks – 6 years or 200k miles is when they start evaluating. They will stretch out beyond the 6 year mark at times. Trailers – around 15 years is reasonable. Moving out one year for the account is operationally reasonable.

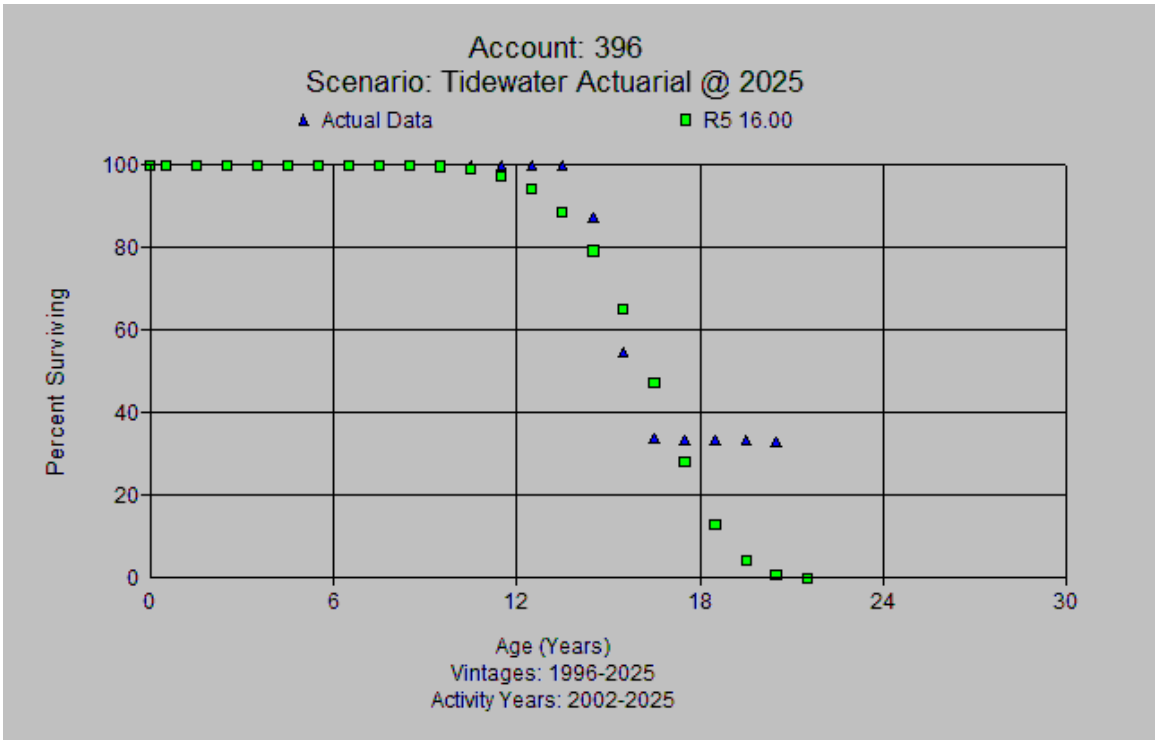
Based on the operational expectations and the actuarial analysis, the proposed life for this account is 9 years with an L5 dispersion curve. A graph of the observed life table compared to the proposed curve and life for this account is shown below.



Account 396 Power Operated Equipment (16 R5)

This account can consist of power operated equipment such as bulldozers, trenchers, hydro excavators, and backhoes. The total account balance for this account is $1.1 million. The authorized life is 15 years with an R3 dispersion. Company SMEs stated: Backhoes, etc. are in this account. A life around 15 years is operationally reasonable. The 16 years shown in the analytics is reasonable.

The proposed life for this account is a one-year increase to 16 years with retaining an R5 dispersion curve. A graph comparing the Company's data to the proposed survivor curve is shown below.



General Plant - Amortized (Accounts 391, 391.05, 393-395, 397-398)

Adoption of Vintage Group Amortization

This study recommends the adoption of vintage group amortization for certain General plant accounts. FERC adopted Accounting Release 15 ("AR15") in 1997 using the following criteria:

1. The individual classes of assets for which vintage year accounting is followed are high volume, low value items;

2. There is no change in existing retirement unit designations, for purposes of determining when expenditures are capital or expense;

3. The cost of the vintage groups is amortized to depreciation expense over their useful lives and there is no change in depreciation rates resulting from the adoption of the vintage year accounting;

4. Interim retirements are not recognized;

5. Salvage and removal cost relative to items in the vintage categories are included in the accumulated depreciation account and assigned to the oldest vintage first; and

6. Properties are retired from the affected accounts that, at the date of the adoption of vintage year accounting, meet or exceed the average service life of properties in that account.

A vintage year method of accounting for the general plant accounts that meets all of the foregoing requirements may be implemented without obtaining specific authorization from the Commission to do so.

With the adoption of vintage group amortization, it is no longer necessary to keep track of the location and retirement of specific assets. Annually, assets are retired after reaching the average service life for that account. The retirement amounts for fully accrued assets are shown for each account in Appendix A-2. After those assets are retired, the remaining plant in service for each account will be amortized

using the amortization rates shown in Appendix A-2. An additional accrual is necessary for each plant account to make up the difference between the book depreciation reserve and the theoretical depreciation reserve. Slight changes in life for the amortized plant accounts are discussed below.

Account 391 Office Furniture and Equipment (15 SQ)

This account historically consisted of office furniture, software and IT hardware. This account has been divided into two subaccounts: furniture and hardware. The account balance is $1.2 million. After retirement of fully accrued assets, the plant balance is $143 thousand. The authorized life (combined account) is 10 years with a R1 dispersion. Based on the types of assets in this segregated account, a 10-year life is shorter than expected for furniture. We are requesting General Plant amortization treatment for his account. The proposed life for this account is 15 years with an SQ dispersion curve.

Account 391.02 Computer Equipment (5 SQ)

This account historically consisted of office furniture, software and IT hardware. This account has been divided into two subaccounts: furniture and hardware. The account balance is $3.2 million. After retirement of fully accrued assets, the plant balance is $1.1 million. We are requesting General Plant amortization treatment for his account. Based on the types of assets in this segregated account and the normal life cycle for IT assets based on Company practices, the proposed life for this account is 5 years with an SQ dispersion curve.

Account 394 Tool, Shop & Garage Equipment (10 SQ)

This account consists of tools, shop, and garage equipment, such as miscellaneous tools, electric equipment, or pumps. The total account balance in this account is $2.21 million. After retirement of fully accrued assets, the plant balance is $1.4 million. The authorized life is 20 years with a L2 dispersion. Operationally, tools in this account would generally have a shorter life than the existing 20 years. Many items are small, handheld tools or are electronic with a life from 5 to 10 years. The proposed life for this account is to reduce the life to 10 years with an SQ dispersion curve.

Account 395 Laboratory Equipment (10 SQ)

This account consists of laboratory equipment such as testing equipment. The total account balance is $384 thousand.. After the retirement of fully accrued assets, the plant balance is $292 thousand. The authorized life is 15 years with a R3 dispersion for Tidewater. Operationally, many of the items in this account have a shorter life than 15 years. The proposed life for this account is 10 with an SQ dispersion curve.

Account 397 Communication Equipment (15 SQ)

This account consists of communication equipment such as control equipment, radios, telephone systems, and similar assets. The total account balance is $315 thousand. After retirement of fully accrued assets, the plant balance is $115 thousand. The authorized life is 10 years with a R3 dispersion. Based on experience and for consistency with Middlesex in New Jersey, our proposed life for this account is 15 years with an SQ dispersion curve.

Account 398 Miscellaneous Equipment (15 SQ)

This account consists of miscellaneous equipment, defibrillators, communication and security assets, or other equipment that may not fit in any other general plant account. The account balance for this account is $365 thousand. After retirement of fully accrued assets, the plant balances is $33 thousand. The authorized life is 15 years with a R3. Due to the electronic nature of many of the assets in this account, our proposed life for this account is to retain a 15-year life but move to an SQ dispersion curve.

Net Salvage Characteristics

In the traditional net salvage analysis, we take historical data for each account, including data for retirements, gross salvage, and cost of removal for as far back as available. A minimum of 10 years is desired. Moving averages, which remove timing differences between retirement and salvage and removal cost, would be analyzed over periods varying from one to 2 to 10 years. These are then evaluated in making the net salvage recommendations for the study. However, the Delaware Public Service Commission (DPSC) past orders have supported the position that an average of net salvage expense should be used to calculate net salvage and included in the overall depreciation expense of the Company.[3] Therefore, while neither the Company nor Alliance agrees with this position, the Company wished to avoid significant controversy on this issue and directed Alliance to follow this methodology.

For their assets, this study used a 5 year average from 2021-2025 to make that computation. As a result, a net salvage accrual amount of $(88,335) and the total requested annual accrual amount for the Company as shown in Appendices A-1, A-2, and B.

3 Docket 19-0615 (Violia Delaware), Docket 25-0037 (Violia Delaware).

APPENDIX A-1

Computation of Annual Depreciation Accrual and Rates

TIDEWATER UTILITIES
COMPUTATION OF PROPOSED DEPRECIATION ACCRUAL RATES
AT DECEMBER 31, 2025

Account	Description	Plant	Reserve	Unaccrued Balance	Remaining Life	Annual Accrual	Accrual Rate
314	Wells and Springs	7,486,894.45	1,837,650.89	5,649,243.56	39.16	144,258.97	1.93%
316	Supply Mains	631,010.23	273,495.82	357,514.41	75.94	4,708.10	0.75%
321	Structures and Improvements	16,641,291.44	5,730,304.97	10,910,986.47	23.78	458,878.02	2.76%
323	Other Power Production Equipment	890,270.82	653,698.53	236,572.29	9.79	24,153.81	2.71%
325	Electric Pumping Equipment	38,191,073.16	12,252,290.22	25,938,782.94	16.92	1,533,406.59	4.02%
326	Diesel Pumping Equipment	2,673.36	2,673.36	-	1.13	-	0.00%
328	Other Power Production Equipment	5,533.59	3,415.15	2,118.44	18.53	114.30	2.07%
331	Structures and Improvements	342,708.08	169,073.66	173,634.42	19.17	9,056.15	2.64%
332	Water Treatment and Equipment	12,600,613.15	4,475,923.87	8,124,689.28	18.58	437,373.27	3.47%
342	Distribution Reservoirs and Standpipes	26,762,643.63	4,941,161.60	21,821,482.03	53.33	409,169.39	1.53%
343	Transmission and Distribution Mains	190,206,490.45	30,784,520.32	159,421,970.13	73.83	2,159,337.57	1.14%
345	Services	51,685,319.96	10,127,729.83	41,557,590.13	50.71	819,519.02	1.59%
346	Meters	14,841,613.47	4,835,557.60	10,006,055.87	10.15	985,336.33	6.64%
347	Meter Installations	3,658,358.97	426,320.80	3,232,038.17	14.33	225,487.38	6.16%
348	Hydrants	22,503,091.20	4,834,313.12	17,668,778.08	45.65	387,089.66	1.72%
390	Structures and Improvements	450,929.54	179,799.73	271,129.81	24.82	10,922.65	2.42%
392	Transportation Equipment	9,313,113.36	4,892,705.95	4,420,407.41	5.05	875,253.44	9.40%
396	Power Operated Equipment	1,061,413.30	625,185.96	436,227.34	9.89	44,109.22	4.16%
		397,275,042.16	87,045,821.38	310,229,220.78		8,528,173.86	

APPENDIX A-2

Computation of Annual Amortization Accrual and Rates

TIDEWATER UTILITES
COMPUTATION OF AMORTIZATION RATE
AT DECEMBER 31, 2025

Account	Description	Plant $	Reserve $	Theoretical Reserve $	Reserve Difference $	Asset > ASL	Period to Recover	Annual Amortizaton Reserve Difference
391	Office Furniture and Equipment	1,188,853.46	835,976.02	1,132,882.07	296,906.05	1,045,549.86	5	59,381.21
391.02	Computer Equipment	3,189,451.64	2,242,753.34	2,525,412.35	282,659.00	2,079,317.50	5	56,531.80
394	Tool, Shop and Garage Equipment	2,221,750.05	1,351,738.50	1,339,557.88	(12,180.62)	781,989.56	5	(2,436.12)
395	Laboratory Equipment	383,821.88	192,279.01	208,835.51	16,556.50	92,257.61	5	3,311.30
397	Communication Equipment	314,750.75	314,750.75	297,702.51	(17,048.24)	199,911.04	5	(3,409.65)
398	Misc. Equipment	365,219.02	344,295.17	342,424.13	(1,871.04)	331,901.82	5	(374.21)
		7,663,846.80	5,281,792.79	5,846,814.44	565,021.65	4,530,927.39		113,004.33

After retirement of fully accrued assets

Account	Description	Plant Balance	Reserve	Amortization Life	Amortization Net Salvage	Annual Amortization %	Annual Amortization $
391	Office Furniture and Equipment	143,303.60	(209,573.84)	15	0	6.67%	9,553.57
391.02	Computer Equipment	1,110,134.14	163,435.84	5	0	20.00%	222,026.83
394	Tool, Shop and Garage Equipment	1,439,760.49	569,748.94	10	0	10.00%	143,976.05
395	Laboratory Equipment	291,564.27	100,021.40	10	0	10.00%	29,156.43
397	Communication Equipment	114,839.71	114,839.71	15	0	6.67%	7,655.98
398	Misc. Equipment	33,317.20	12,393.35	15	0	6.67%	2,221.15
		3,132,919.41	750,865.40				414,590.00

APPENDIX B

Comparison of Existing and Proposed Accrual and Rates

TIDEWATER
COMPARISON OF CURRENT AND PROPOSED DEPRECIATION ACCRUAL RATES
AT DECEMBER 31, 2025

Account	Description	Plant	Current Accrual %	Current Accrual $	Proposed Annual Accrual	Proposed Annual Accrual $	Difference $
314	Wells and Springs	7,486,894.45	2.37%	177,439.40	1.93%	144,258.97	(33,180.43)
316	Supply Mains	631,010.23	1.39%	8,771.04	0.75%	4,708.10	(4,062.94)
321	Structures and Improvements	16,641,291.44	3.12%	519,208.29	2.76%	458,878.02	(60,330.27)
323	Other Power Production Equipment	890,270.82	3.36%	29,913.10	2.71%	24,153.81	(5,759.29)
325	Electric Pumping Equipment	38,191,073.16	3.17%	1,210,657.02	4.02%	1,533,406.59	322,749.57
326	Diesel Pumping Equipment	2,673.36	5.39%		0.00%	-	- *
328	Other Power Production Equipment	5,533.59	5.04%	114.30	2.07%	114.30	-
331	Structures and Improvements	342,708.08	2.89%	9,904.26	2.64%	9,056.15	(848.11)
332	Water Treatment and Equipment	12,600,613.15	2.89%	364,157.72	3.47%	437,373.27	73,215.55
342	Distribution Reservoirs and Standpipes	26,762,643.63	1.61%	430,878.56	1.53%	409,169.39	(21,709.18)
343	Transmission and Distribution Mains	190,206,490.45	1.43%	2,719,952.81	1.14%	2,159,337.57	(560,615.24)
345	Services	51,685,319.96	2.12%	1,095,728.78	1.59%	819,519.02	(276,209.76)
346	Meters	14,841,613.47	4.63%	687,166.70	6.64%	985,336.33	298,169.62
347	Meter Installations	3,658,358.97	3.49%	127,676.73	6.16%	225,487.38	97,810.66
348	Hydrants	22,503,091.20	2.12%	477,065.53	1.72%	387,089.66	(89,975.87)
390	Structures and Improvements	450,929.54	2.65%	11,949.63	2.42%	10,922.65	(1,026.98)
392	Transportation Equipment	9,313,113.36	12.99%	1,209,773.43	9.40%	875,253.44	(334,519.98)
396	Power Operated Equipment	1,061,413.30	10.19%	108,158.02	4.16%	44,109.22	(64,048.79)
				-		-	
	Plant after retirement of fully accrued assets			-		-	
391	Office Furniture and Equipment	143,303.60		198,872.86 *	6.67%	9,553.57	(189,319.29)
391.02	Computer Equipment	1,110,134.14			20.00%	222,026.83	222,026.83
394	Tool, Shop and Garage Equipment	1,439,760.49	7.17%	103,230.83	10.00%	143,976.05	40,745.22
395	Laboratory Equipment	291,564.27	6.76%	19,709.74	10.00%	29,156.43	9,446.68
397	Communication Equipment	114,839.71	12.15%	13,953.02	6.67%	7,655.98	(6,297.04)
398	Misc. Equipment	33,317.20	9.09%	3,028.53	6.67%	2,221.15	(807.39)
	Fully accrued Plant	4,530,927.39					
	Annual Accrual Reserve True Up					113,004.33	113,004.33
	Net Salvage Accrual					(88,335.23)	(88,335.23)
		404,938,888.96		9,527,310.32		8,967,432.96	(559,877.36)

* Note Account 391 currently is comprised of two accounts - office furniture and equipment and enterprise software
Enterprise software is being merged into 391 computer equipment. Existing expense reflects current account split
Account 326 is fully accrued. If plant added propose rate of 3.70%

Non Depreciable Accounts

301	Organization	9,078.95
302	Franchises and Consents	1,048,400.08
303	Intangible Plant	6,958.15
310	Source of Supply Fee Land	610,681.95
320	Pumping Fee Land	126,723.43
340	Transmission and General Fee Land	2,482.36
389	General Fee Land	38,295.25

APPENDIX C

Comparison of Life and Net Salvage Parameters

TIDEWATER UTILITIES
DEPRECIATION PARAMETERS
AT DECEMBER 31, 2025

		Approved		Proposed	
Acct	Description	ASL	Curve	ASL	Curve
314	Wells and Springs	30	R3	50	R2.5
316	Supply Mains	75	R3	85	R3
321	Structures and Improvements	35	R3	35	R3
323	Other Power Production Equipment	30	R3	30	R3
325	Electric Pumping Equipment	30	R2	27	R4
326	Diesel Pumping Equipment	30	R3	27	R4
327	Hydraulic Pumping Equipment			27	R4
328	Other Power Production Equipment			27	R4
331	Structures and Improvements	35	R3	35	R3
332	Water Treatment and Equipment	30	R3	30	R3
342	Distribution Reservoirs and Standpipe	45	R4	65	R4
343	Transmission and Distribution Mains	75	R3	85	R3
345	Services	40	R3	60	R3
346	Meters	20	R4	17	S6
347	Meter Installations	30	R3	17	S6
348	Hydrants	50	R3	55	R3
390	Structures and Improvements	40	R4	40	R4
391	Office Furniture and Equipment.....	10	R1	15	SQ
391	Computer Equipment			5	SQ
391	Enterprise Software			5	SQ
392	Transportation Equipment	8	R3	9	L5
394	Tools, Shop and Garage Equipment....	20	L2	10	SQ
395	Laboratory Equipment.....	15	R3	10	SQ
396	Power Operated Equipment.....	15	R3	16	R5
397	Communication Equipment.....	10	R3	15	SQ
398	Miscellaneous Equipment.....	15	R3	15	SQ

APPENDIX D

Net Salvage

TIDEWATER UTILITY
WATER ASSETS

CALCULATION OF NET SALVAGE NORMALIZATION

EXPERIENCED COST OF REMOVAL AND GROSS SALVAGE FOR THE PERIOD 2021 THROUGH 2025

	2021		2022		2023		2024		2025			NET
ACCOUNT	COST OF REMOVAL	GROSS SALVAGE	COST OF REMOVAL	GROSS SALVAGE	COST OF REMOVAL	GROSS SALVAGE	COST OF REMOVAL	GROSS SALVAGE	COST OF REMOVAL	GROSS SALVAGE	NET SALVAGE	SALVAGE NORMALIZATION
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)=(12)/5
311	-	-	-	-	-	-	-	-	-	-	-	-
312	-	-	-	-	-	-	-	-	-	-	-	-
313	-	-	-	-	-	-	-	-	-	-	-	-
314	-	712.40	-	-	-	-	-	-	-	-	712.40	142.48
316	-	-	-	-	-	-	-	-	-	-	-	-
317	-	-	-	-	-	-	-	-	-	-	-	-
321	-	-	-	-	-	-	-	-	-	-	-	-
323	-	-	-	-	-	-	-	-	-	-	-	-
325	-	1,870.10	-	652.80	-	-	-	-	-	-	2,522.90	504.58
326	-	-	-	-	-	-	-	-	-	-	-	-
328	-	-	-	-	-	-	-	-	-	-	-	-
331	-	-	-	-	-	-	-	-	-	-	-	-
332	-	712.40	-	-	-	-	-	-	-	-	712.40	142.48
341	-	-	-	-	-	-	-	-	-	-	-	-
342	-	-	-	-	-	-	52,646.78	-	-	-	(52,646.78)	(10,529.36)
343	-		-	-	-	-	-	-	-	-	-	-
345	-		-	-	-	-	-	-	-	-	-	-
346	-	4,491.50	-	1.50	-	-	-	-	-	-	4,493.00	898.60
347	-	15.00	-	-	-	-	-	-	-	-	15.00	3.00
348	-		-	-	-	-	-	-	-	-	-	-
390	-		-	-	-	-	-	-	-	-	-	-
391	-		-	-	-	-	-	-	-	-	-	-
392	-	74,755.00	-	71,320.00	-	137,039.25	-	185,653.00	-	-	468,767.25	93,753.45
393	-		-	-	-	-	-	-	-	-	-	-
394	-		-	-	-	-	-	-	-	-	-	-
395	-		-	-	-	-	-	-	-	-	-	-
396	-	17,100.00	-	-	-	-	-	-	-	-	17,100.00	3,420.00
397	-		-	-	-	-	-	-	-	-	-	-
398	-		-	-	-	-	-	-	-	-	-	-
399	-	-	-	-	-	-	-	-	-	-	-	-
			-									
TOTAL	**-**	**99,656.40**	**-**	**71,974.30**	**-**	**137,039.25**	**52,646.78**	**185,653.00**	**-**	**-**	**441,676.17**	**88,335.23**