



2023 DEPRECIATION STUDY

Prepared for Enbridge Gaz Quebec

Prepared September 2025

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Enbridge Gaz Quebec
706 Greber Boulevard
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Attention: Myriam Lalande-Dubois
Supervisor, Regulatory Affairs

Dear Myriam;

Pursuant to your request, we have conducted a depreciation study related to the natural gas distribution system of Enbridge Gaz Quebec as of December 31, 2023. Our study presents a description of the methods used in the estimation of service life and the summary and detailed tabulations of annual and accrued depreciation.

We gratefully acknowledge the assistance of Enbridge Gaz Quebec personnel in the completion of the review.

Should you have any questions or concerns, please do not hesitate to contact me directly at 587.997.6488.

Yours truly,

Concentric Advisors, ULC



Larry Kennedy
Senior Vice President



Amanda Nori
Assistant Vice President



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SECTION 1

1 STUDY HIGHLIGHTS

Pursuant to Enbridge Gaz Quebec’s (“EGQ” or the “Company”) request, Concentric Advisors ULC (“Concentric”) conducted a depreciation study related to the Company’s natural gas distribution and general plant accounts. The purpose of the study is to determine the annual depreciation accrual rates and amounts applicable to the original cost of gas utility plant, as of December 31, 2023.

The depreciation rates are based on the Straight-Line method using the Equal Life Group (“ELG”) procedure and were applied on a Remaining Life basis. The calculations were based on attained ages, estimated average service lives and forecasted net salvage characteristics for each depreciable group of assets.

Concentric recommends the calculated annual depreciation accrual rates set forth herein apply specifically to natural gas distribution and general plant assets in service, as of December 31, 2023, summarized in Table 1 starting on pages 5-2. Supporting data and calculations are also provided within this report within Section 8.

Concentric’s study results in an annual depreciation expense accrual of \$9.6 million (net of customer contributions) when applied to depreciable plant balances of \$231.5 million (net of customer contributions), as of December 31, 2023. The report study results are summarized at an aggregate functional group level as follows:

SUMMARY OF ORIGINAL COST, ACCRUAL PERCENTAGES AND AMOUNTS

Plant Group / Accounts	Original Cost	Annual Accrual Amount	Annual Accrual Rate
Depreciable Plant	\$235,640,071	\$9,618,868	4.08%
Customer Contributions	-\$4,110,230	-\$3,811	0.09%
TOTAL PLANT STUDIED BALANCE	\$231,529,841	\$9,615,057	4.15%



SECTION 2

2 BASIS OF THE STUDY

2.1 Scope

This study sets forth the results of the depreciation study for the natural gas distribution and general plant assets of Enbridge Gaz Quebec, to determine the annual depreciation accrual rates and amounts for book purposes applicable to the original cost of investment as of December 31, 2023. The rates and amounts are based on the Straight-Line Method, incorporating the ELG Procedure applied on a Remaining Life Basis. This study also describes the concepts, methods and judgments which underlie the recommended annual depreciation accrual rates related to the Enbridge Gaz Quebec assets in service, as of December 31, 2023.

The service life estimates resulting from the study were based on:

- informed professional judgment which incorporated analyses of historical plant retirement data recorded through December 31, 2023;
- a review of Enbridge Gaz Quebec company practice and outlook, as they relate to plant operation and retirement; and
- consideration of current practice in the gas system industry, including knowledge of service life estimates used for other gas system companies.

The depreciation accrual rates presented herein are based on generally-accepted methods and procedures for calculating depreciation. The estimated survivor curves used in this study are based on studies incorporating actual data through 2023 for most accounts.

2.2 Plan of Study

The report is presented in the following order:

SECTION 1	Study Highlights presents a brief summary of the depreciation study and results
SECTION 2	Basis of the Update contains statements with respect to the plan and the basis of the study
SECTION 3	Development of the Required Depreciation Rates presents descriptions of the methods used and factors considered in the service life study
SECTION 4	Calculation of Annual and Accrued Depreciation presents the methods and procedures used in the calculation of depreciation
SECTION 5	Results of Study presents summaries by depreciable group of annual and accrued depreciation in Table 1
SECTION 6	Presents the results of the Retirement Rate Analysis
SECTION 7	Presents the results of the Net Salvage Study
SECTION 8	Presents the results of the Detailed Depreciation Calculations
SECTION 9	Estimation of Survivor Curves is an overview of Iowa curves and the Retirement Rate Analysis
SECTION 10	Estimation of Net Salvage



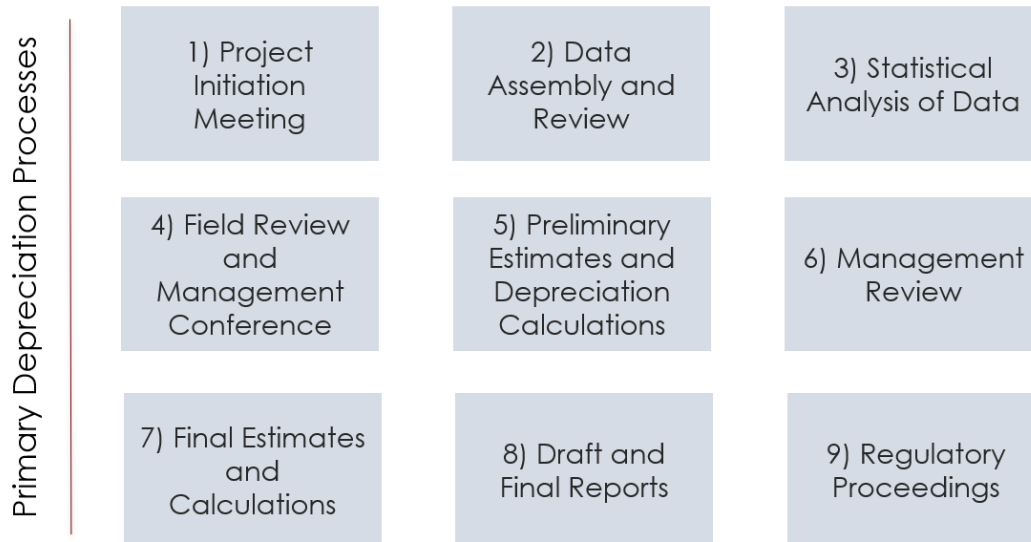
2.3 Depreciation

A full and comprehensive depreciation study includes the following components:

1. supported recommendations regarding Average Service Life estimates for each account;
2. supported recommendations regarding estimated Net Salvage requirements for each account;
3. selection of an appropriate grouping procedure;
4. detailed calculation of the depreciation rate utilizing the estimated Average Service Life and Net Salvage requirements; and
5. a document explaining the procedures followed and justifying the results in a format suitable for submission to senior management and regulatory authorities.

A diagram of the nine primary processes followed by Concentric in the development of the depreciation study is provided below. Each of the steps is undertaken by Concentric using proprietary software.

For most accounts, the annual and accrued depreciation were calculated by the Straight-Line Method using the ELG Procedure. For certain general plant accounts, the annual and accrued depreciation are based on amortization accounting. Both types of calculations were based on original cost, attained ages and an estimate of service lives.



2.4 Information Provided by Enbridge Gaz Quebec

Enbridge Gaz Quebec has provided Concentric with the required information, as of December 31, 2023 for all accounts being studied. This information has been compiled from the plant accounting records and includes the following:

- current balances by vintage year for each account (aged balances). The balances provide the amount of investment sorted by installation year currently in operation. This file is only inclusive of current plant in service and does not include any retirement information;



- detailed retirement transactions for all accounts. The transactions include information regarding the transaction year of the retirement, the installation year of the asset being retired, and the original cost of the asset being retired; and
- detailed cost of removal and gross salvage transactions for all accounts requiring the recovery of net salvage. The transactions include information regarding the transaction year of the retirement, the costs associated with the retirement, and any gross salvage proceeds from the sale or reuse of the property; and
- accumulated depreciation balances as of December 31, 2023 for accounts studied.

2.5 Data Reconciliation

The above data was reviewed and reconciled to Company control schedules to ensure accuracy and reasonableness in use of the calculations developed in this study. These checks include:

- that the surviving investment by account equals (or can be reconciled to) the Company's gross plant in service and accumulated depreciation ledger balances;
- that the surviving investment in each vintage is not negative. In other words, this check confirms that the sum of retirements from any given vintage have not exceeded the amount of plant additions to the vintage; and
- that any adjusting transactions are properly accounted for within the databases.



SECTION 3

3 DEVELOPMENT OF THE REQUIRED DEPRECIATION RATES

3.1 Depreciation

The development of the depreciation calculations requires the input of an Average Service Life, a retirement dispersion curve (“Survivor Curve” or “Iowa curve”), Net Salvage estimates, and Life Span dates for a number of accounts. (the “depreciation parameters”). Additionally, to complete the depreciation calculations, the calculation methods must be established. Specifically, the selection of the depreciation method must establish three types of additional input:

1. the choice of a depreciation method;
2. a basis upon which to apply the method, and
3. in the case of group assets, a procedure to use in grouping the assets.

In this study, the depreciation rates for Enbridge Gaz Quebec have been calculated in accordance with the Straight-Line method, the ELG procedure and applied using the Remaining Life technique, with any accumulated depreciation variances trued-up over the composite remaining life of each account.

Depreciation, as applied to depreciable plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of utility plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art and changes in demand and requirements of public authorities.¹

When considering the action of the elements, the average service life and net salvage calculations have considered large catastrophic events that have occurred and impacted the life estimates of utilities across North America. The average service life of utilities has been influenced by events including:

- forest fires;
- earthquakes;
- tornadoes;
- ice storms;
- wind-storms;
- large scale flooding;
- fires;
- lightning;
- intentional actions of third parties;
- hoar frost; and
- other natural forces of nature.

¹ The National Association of Railroad and Utilities Commissioners, Uniform System of Accounts for Gas Utilities.



Depreciation, as used in accounting, is a method of distributing fixed capital costs, less net salvage, over a time period by allocating annual amounts to expense. Each annual amount of such depreciation expense is part of that year's total cost of providing gas utility service. Normally, the time over which the fixed capital cost is allocated to the cost of service, is equal to the time over which an item renders service - that is the item's service life. The most prevalent method of allocation is to distribute an equal amount of cost to each year of service life. This method is known as the Straight-Line method of depreciation.

The calculation of annual and accrued depreciation based on the Straight-Line method when applied to utility group accounts requires the estimation of survivor curves and is described in the following sections of this study. The development of the proposed depreciation rates also requires the selection of group depreciation procedures, as discussed below.

3.1.1 Study Depreciation Methods and Procedures

When more than a single item of property is under consideration, a group procedure for depreciation is appropriate because normally all of the items within a group do not have identical service lives but have lives that are dispersed over a range of time. There are two primary group procedures, namely, the Average Life Group (ALG) and Equal Life Group (ELG) procedures.

In the ALG Procedure, the rate of annual depreciation is based on the average service life of the group. This rate is applied to the surviving balances of the group's cost. A characteristic of this procedure is that the cost of plant retired prior to average life is not fully recouped at the time of retirement, whereas the cost of plant retired subsequent to the average life is more than fully recouped. Over the entire life cycle, the portion of cost not recouped prior to average life is balanced by the cost recouped subsequent to average life.

In the Equal Life Group Procedure, also known as the Unit Summation Procedure, the property group is subdivided according to service life. That is, each equal life group includes that portion of the property which experiences the life of that specific group. The relative size of each equal life group is determined from the property's life dispersion curve. The calculated depreciation for the property group is the summation of the calculated depreciation based on the service life of each equal life unit.

Amortization accounting is used for certain distribution and general plant accounts because of the disproportionate plant accounting effort required in these accounts. Many regulated utilities in North America have received approval to adopt amortization accounting for these accounts. This study calculates the annual and accrued depreciation using the Straight-Line Method and ELG Procedure for most accounts. Both types of calculations were based on original cost, attained ages and estimates of service lives.

Continued monitoring and maintenance of the accumulated depreciation reserve at the account level is recommended. Concentric has determined an amortization amount to correct the present variance with the calculated accrued depreciation (theoretical reserve) over the composite remaining life of each account.



3.1.2 Energy Transition

Long life assets such as those comprising Enbridge Gaz Quebec’s system can be restricted not only by physical forces of retirement such as wear and tear and physical deterioration, but also, and to a much greater extent, by economic forces of retirement. Specifically, the changing North American marketplace for natural gas demand and the rapidly emerging trend of decarbonization legislation may have a significant impact on the estimated service lives of the Enbridge Gaz Quebec system.

There are several factors affecting the economic viability of the Enbridge Gaz Quebec system. Long life assets, such as natural gas distribution systems, are subject to a number of different forces of economic retirement, including changes in legislation constricting the use of carbon-based fuels.

The future growth and retirement programs of the Enbridge Gaz Quebec system may be significantly different than the retirement patterns experienced in the past. While future retirements that are caused by physical forces of retirement such as wear and tear and changes in technology of the assets will continue, it is reasonable to anticipate that the utilization of large groups of assets may change due to the implementation of climate change legislation. Consistent with the potential change in the utilization of the assets, it could be assumed that large scale retirement of assets may be required in the periods between now and 2050. However, as noted above, the overall impact, if any, is unknown at this time. As such, Concentric has intentionally limited life extension estimates on long-lived asset groups instead of implementing an economic planning horizon. Concentric notes that future studies may require additional consideration of alternative depreciation procedures and energy transition mitigation strategies as more information becomes known.

The impact of energy transition on natural gas distribution and transmission pipelines has begun to become a topic of debate in the rate proceedings of gas utilities throughout North America. Common depreciation practice is to deal with anticipated large-scale retirements through the introduction of an economic planning horizon within the depreciation rate calculations or shortened average service life estimates. Additionally, the use of the ELG procedure has also been considered a “first step” in the recovery of the utilities’ investment in distribution and transmission systems. Concentric notes that the recent proceeding before the Ontario Energy Board (docket number EB-2022-200) involving Enbridge Gas Inc. considered the possibility of an economic planning horizon and the use of the ELG procedure. All parties involved in this proceeding agreed that energy transition was an overarching concern in selecting depreciation parameters and procedures and, as such, the use of the ELG procedure and the concept of an economic planning horizon was widely debated throughout the proceeding. The Ontario Energy Board ultimately directed the use of the ALG procedure and did not order the use of an economic planning horizon at this time.

In addition to Ontario Energy Board order, there has also been a recent decision from the California Public Utilities Commission rejecting the use of the Unit of Production method of depreciation and mandating the continued use of the ALG procedure. Concentric is aware of the Colorado Public Utilities Commission, which ordered the use of the ELG procedure, notwithstanding the fact that the applicant had proposed the ALG procedure in their depreciation study, however, there has not been a requirement to use an EPH in this jurisdiction.



The only jurisdiction that Concentric is aware of that has mandated the use of an EPH for natural gas distribution utilities was Washington State, as part of House Bill 1589. This bill would have required natural gas and electric combination utilities with more than 800,000 customers to include the use of an EPH for the purposes of depreciation. However, in the 2024 election cycle a ballot initiative invalidating this house bill was passed. As such, Concentric does not believe that there is a requirement to include an EPH in depreciation calculations for utilities in Washington State.

At the time of completion of this Depreciation Study, Quebec's Ministry of Economy, Innovation and Energy has initiated work on an Integrated Energy System Plan (IESP). The goals of this IESP are different than a typical Integrated Resource Plan (IRP) that is utility specific – the IESP's goals are to span multiple utilities and industries and plan for Quebec's energy as a whole. The Government of Quebec also has a *2030 Plan for a Green Economy (2030 Plan)* which defines necessary climate actions that will be carried out by various partner ministries and will be evaluated every five years.² Additionally, as part of the *2030 Plan*, a *2024-2029 Implementation Plan*, the government is committed to "...reducing its greenhouse gas emissions by 37.5% below their 1990 levels by 2030. It also aims to achieve carbon neutrality by 2050."³ Concentric acknowledges that EGQ has developed a decarbonization plan aimed at progressively reducing GHG emissions from its network while maintaining the use of the majority of its existing gas infrastructure. This plan notably includes measures such as energy efficiency initiatives, the deployment of dual-energy systems that reduce natural gas consumption while preserving its use during peak periods, and the injection of renewable natural gas (RNG), which contributes to lowering GHG emissions while continuing to rely on distribution assets."

Although both of the Quebec Ministry of Economy, Innovation and Energy and The Government of Quebec plans define set goals, there has yet to be any indication of how EGQ's future utilization levels will be affected, if at all. Concentric reviewed the plans referenced above, and others that are publicly available and determined that at the point in time of this Depreciation Study, there is insufficient evidence to suggest an economic planning horizon is necessary for any of EGQ's current assets in service. While other North American jurisdictions have considered similar concerns in setting depreciation parameters and procedures, Concentric's review did not identify any jurisdictions, including the examples provided, that have adopted economic planning horizons when setting depreciation rates for natural gas distribution utilities similar to Enbridge Gaz Quebec for the purposes of mitigating energy transition concerns.

Concentric views that a move to the Equal Life Group procedure is an appropriate step to take at this time in order to mitigate stranded cost risks due to energy transition. However, Concentric views that additional study of the changes are required before the introduction of more aggressive depreciation strategies, such as the implementation of an economic planning horizon, for the Enbridge Gaz Quebec system, into the depreciation rate calculations.

² "2030 Plan for a Green Economy." Government of Quebec, 2020. Accessed September 24, 2025.

³ *Implementation plan*. Gouvernement du Québec. (2025, June 20).
<https://www.quebec.ca/en/government/policies-orientations/plan-green-economy/implementation>



3.1.3 Remaining Life Calculations

The depreciation rates calculated in this study were calculated in a different manner than in the prior full depreciation study. In the previous study, the straight-line method and ALG Procedure were applied on a remaining life basis. In this study however, Concentric has recommended the use of the ELG procedure, applied on a remaining life basis. The same vintaged remaining life approach was applied, which weighs the calculations of remaining life on an allocation of the actual book accumulated depreciation account by the Calculated Accumulated Depreciation (CAD) factor determined for each vintage of plant in service. This method is described as a CAD weighted calculation in the textbook *Depreciation Systems* by Frank K. Wolf and W. Chester Fitch, published by the Iowa State University in 1994 under the title “Adjustments” within the Broad Group Model. This approach to the calculation of remaining life has not changed since the last depreciation study.

When depreciation rates are calculated utilizing a remaining life technique, the depreciation rate is established by dividing the undepreciated value of each group of assets (after consideration to the net salvage requirements) by the composite remaining life of the group of assets. This calculation is made for each vintage surviving investment as of the date of the study (December 31, 2023), and then composited into a calculation for the account or group as a whole. This calculation requires two estimates:

1. The actual booked accumulated depreciation for each vintage within each account.

Enbridge Gaz Quebec does not track the booked accumulated depreciation reserve by vintage within each account. Rather the depreciation expense is calculated at an account level and booked to accumulated depreciation at the same account level. Concentric notes that this is the practice employed by virtually all regulated utilities. As such, the accumulated depreciation by account is allocated within the account to each vintage, on the basis of the calculated accumulated depreciation by vintage. The calculated accumulated depreciation is a function of the estimated survivor curve, the average service life estimate, the net salvage estimates and the achieved age of each vintage.

2. The estimated remaining life of each vintage with each account. The estimated remaining life of each vintage is a direct function of the achieved age of each vintage, the estimated survivor curve and the average service life estimate.

Once the above two estimates are determined (the allocated booked reserve by vintage and the average remaining life of each vintage), an annual accrual requirement for each vintage is determined by dividing the net book value for each vintage (considering the estimated future salvage requirements) by the average remaining life of the vintage. The annual requirement for each vintage is summed at the account level and divided into the sum of the accounts original cost surviving as of December 31, 2023.

This process results in each vintage’s calculated net book value to be depreciated over an appropriate remaining life. This vintage weighting on CAD approach to the remaining life calculations is widely considered to be the most accurate. Concentric agrees and views this methodology as the correct and most appropriate calculation.



3.1.4 Truncation Cuts

It is commonly accepted within depreciation texts that some data points, particularly towards the end of the Iowa curve, may be less reliable due to the lower amount of exposures that the retirements are calculated on. It is widespread practice to place lesser weighting on these data points, through the use of a Truncation Cut (or “T-Cut”). This practice is described in detail in the text “Public Utility Depreciation Practices” compiled and edited by the Staff Subcommittee on Depreciation of the Finance and Technology Committee of the National Association of Regulatory Utility Commissioners on page 122 where it is stated:

“A T-cut is used to mathematically perform a function that is automatic in visual fitting (i.e., setting a point beyond which the observed data are considered irrelevant or unreliable and are, therefore, ignored).

Careful selection of a T-cut can greatly enhance the reliability of the resulting analysis. Conversely, since the use of a T-cut involves truncating the observed data, careless selection can impair the reliability of subsequent work.”

Concentric has utilized T-cuts throughout the Iowa curve selection where necessary. Where a T-cut is utilized, Concentric has indicated such in the Section 3.3 account-by-account write up below.

3.2 Estimation of Survivor Curves and Net Salvage

3.2.1 Survivor Curves

The use of an average service life or a property group implies that the various units in the group have different lives. Thus, the average life may be obtained by determining the separate lives of each of the units, or by constructing a survivor curve plotting the number of units which survive at successive ages using the retirement rate method of analysis.

The range of survivor characteristics usually experienced by utility and industrial properties is encompassed by a system of generalized survivor curves known as the Iowa type curves. The Iowa curves “...were sorted into three groups according to whether the mode was to the left, approximately coincident with, or to the right of the average-life ordinate. The curves in each of these three groups were then sub-classified in accordance with the height of the mode, taking also into consideration the distance of the mode to the left or right of the average life.”⁴ The Iowa curves are described as L-type (i.e. left-moded), R-type (i.e. right-moded), and S-type (i.e. symmetrical). Further development resulted in the introduction of O-type (i.e. origin-moded curves) where the greatest frequency of retirement occurs at the origin, or immediately after age zero. Individual type curves are further depicted with numerical subscripts which represent the relative heights of the modes of the frequency curves within each family.

The program that is used by Concentric for statistical smooth curve fitting utilizes an internal “goodness-of-fit” criterion known as the Residual Measure. This Residual Measure is based on a least

⁴ Robley Winfrey, Statistical Analyses of Industrial Property Retirements, Bulletin 125 revised (Engineering Research Institute, Iowa State University, 1935) 65



squares solution of the differences between the stub curve (or original data points) and smooth survivor curve which also requires a balancing of the differences above and below the stub curve.

The criterion of goodness-of-fit is the mean square of the differences between the points on the stub and fitted smooth survivor curves. The residual measure, or standard error of estimate, shown in the output format is the square root of this mean square. As such, the lower the Residual Measure the better the statistical fit between the analyzed Iowa curve and the observed data points. Concentric follows the widely used practice of fitting Iowa curves up to one percent of the maximum exposures. This standard practice is utilized to minimize the influence of typically small retirements applied to similarly small exposures which may unduly affect the Iowa curve fitting process. However, Concentric will recognize the observed data points beyond the one percent of maximum exposures if it is determined that the additional data is a valid consideration for life recommendation.

A discussion of the general concept of survivor curves and retirement rate method is presented in Section 9.

3.2.2 Survivor Curve and Net Salvage Judgments

The service life and net salvage estimates used in the depreciation and amortization calculations were based on informed professional judgment which incorporated a review of management's plans, policies and outlook, a general knowledge of the gas utility industry, and comparisons of the service life and net salvage estimates from Concentric's studies of other gas utilities. A detailed peer review is compiled to establish a range of reasonableness for the Iowa curve and net salvage estimate for each account. While the peer review is considered an appropriate test of the estimates, it should never be viewed as definitive. Differences in characteristics such as the account structure, climate conditions, regulatory environment, and area of service must always be considered when reviewing a peer study.

The following utilities with similar characteristics to Enbridge Gaz Quebec were considered in the peer review:

- FortisBC Energy - FortisBC has an extensive transmission and distribution network throughout the province of BC and is therefore subject to similar forces of retirement and cost of removal. Additionally, selected for peer review as the most recent depreciation study was completed by Concentric.
- APEX (Formerly AltaGas) - APEX has a transmission and distribution network located in small and medium sized cities in Western Canada and is therefore subject to similar forces of retirement and cost of removal. Additionally, selected for peer review as the most recent depreciation study was completed by Concentric.
- ATCO Gas - ATCO Gas has an extensive distribution network serving over 300 communities across Alberta and is therefore subject to similar forces of retirement and cost of removal. Additionally, selected for peer review as the most recent depreciation study was completed by Concentric.
- Energir - Energir has a large distribution network located throughout northwestern Quebec and is therefore subject to similar forces of retirement, cost of removal, and legislative



requirements. Additionally, selected for peer review as the most recent depreciation study was completed by Concentric.

- Centra Gas Manitoba - Centra Gas Manitoba has a distribution network located in Manitoba and is therefore subject to similar forces of retirement and cost of removal. Additionally, selected for peer review as the most recent depreciation study was completed by Concentric.
- SaskEnergy - SaskEnergy has a distribution network located in Saskatchewan and is therefore subject to similar forces of retirement and cost of removal. Additionally, selected for peer review as the most recent depreciation study was completed by Concentric.
- Enbridge Gas Inc. (EGI) - EGI has an extensive distribution network located in large municipalities in Ontario and is therefore subject to similar forces of retirement and cost of removal. As both EGI and EGQ are owned by Enbridge, it is expected that there are similar management and maintenance practices at both utilities. Additionally, selected for peer review as the most recent depreciation study was completed by Concentric. EGI is Canada's largest and one of North America's largest natural gas distribution and storage utilities.
- Eastward Energy - Eastward Energy has a distribution network located throughout municipalities in Nova Scotia and is therefore subject to similar forces of retirement and cost of removal. Additionally, selected for peer review as the most recent depreciation study was completed by Concentric.

The use of survivor curves, to reflect the expected dispersion of retirement, provides a consistent method of estimating depreciation for gas plant. Iowa type survivor curves were used to depict the estimated survivor curves for the plant accounts not subject to amortization accounting.

The procedure for estimating service lives consisted of compiling historical data for the plant accounts or depreciable groups, analyzing this history through the use of widely accepted techniques, and forecasting the survivor characteristics for each depreciable group on the basis of interpretations of the historical data and the probable future. The forecasting of a probable future included management and operational staff interviews. The combination of the historical experience and the probable future yielded estimated survivor curves from which the average service lives were derived.

The resultant depreciation rates are summarized in the applicable tables of this study (Section 5). The depreciation rates should be reviewed periodically to reflect the changes that result from plant and reserve account activity. A depreciation reserve deficiency or surplus will develop if future capital expenditures vary significantly from those anticipated in this study.

The estimates of net salvage for the mass property accounts were based mostly in part on historical data related to actual retirement activity for the years 2000 through 2023, for most accounts. Gross salvage and cost of removal as recorded to the depreciation reserve account and related to experienced retirements were used. Percentages of the cost of plant retired were calculated for each component of net salvage on an annual, three-year, five-year, and on a cumulative moving average basis.

3.3 Major Account Analysis

The following discussion, dealing with a number of accounts which comprise the majority of the investment analyzed, presents an overview of the factors considered by Concentric in the



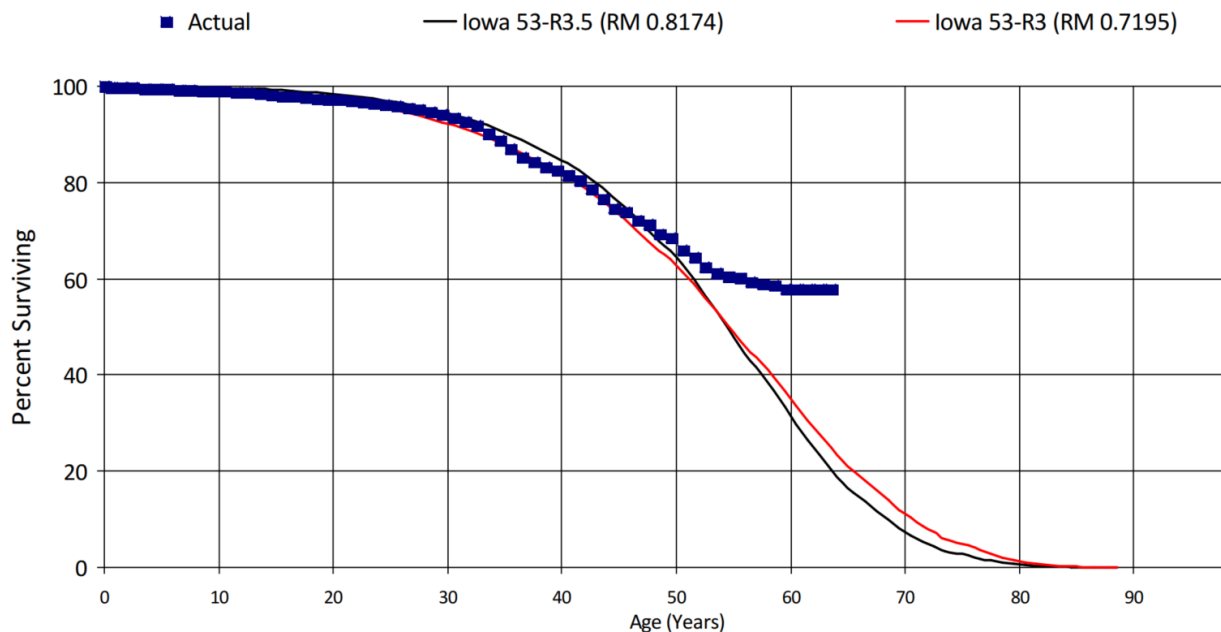
determination of the average service life and net salvage estimates. The survivor curve estimates for the remainder of the accounts not discussed in the following sections were based on similar considerations.



ACCOUNT 473 – GAS SERVICES

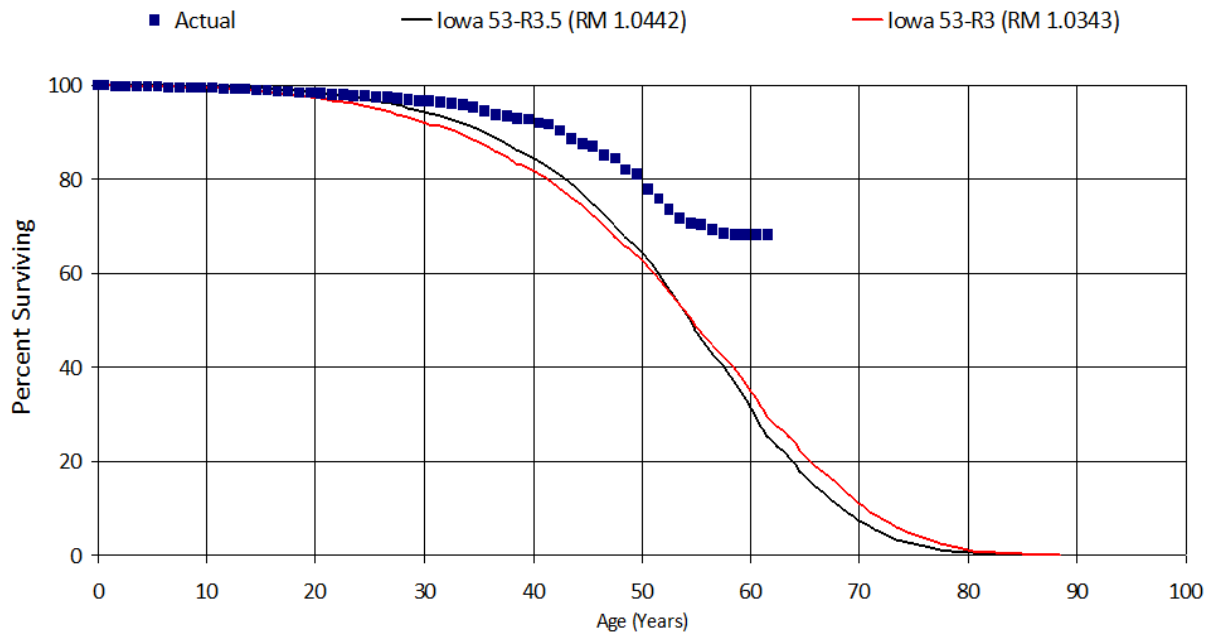
Investment \$	Investment %	Previously Approved Curve	Concentric Recommended Curve	Previously Approved Salvage Rate	Concentric Recommended Salvage Rate
\$83,326,963	35.36%	53-R3.5	53-R3	-125%	-125%

The investment in Gas Services is approximately \$83.3 million, representing 35.36 percent of the total depreciable plant studied. The assets in this account relate to the plastic and copper services throughout their system. At the end of 2024, there were roughly 39,000 plastic services installed, with the other 2,000 being copper or steel. The majority of future investment in this account will be in plastic. The retirements, additions, and other plant transactions, for the plant installed between 1949 through 2023 were analyzed by the retirement rate method. There was no T-cut utilized for this account and retirements of \$3,020,833 were recorded for the period 1996 through 2023.



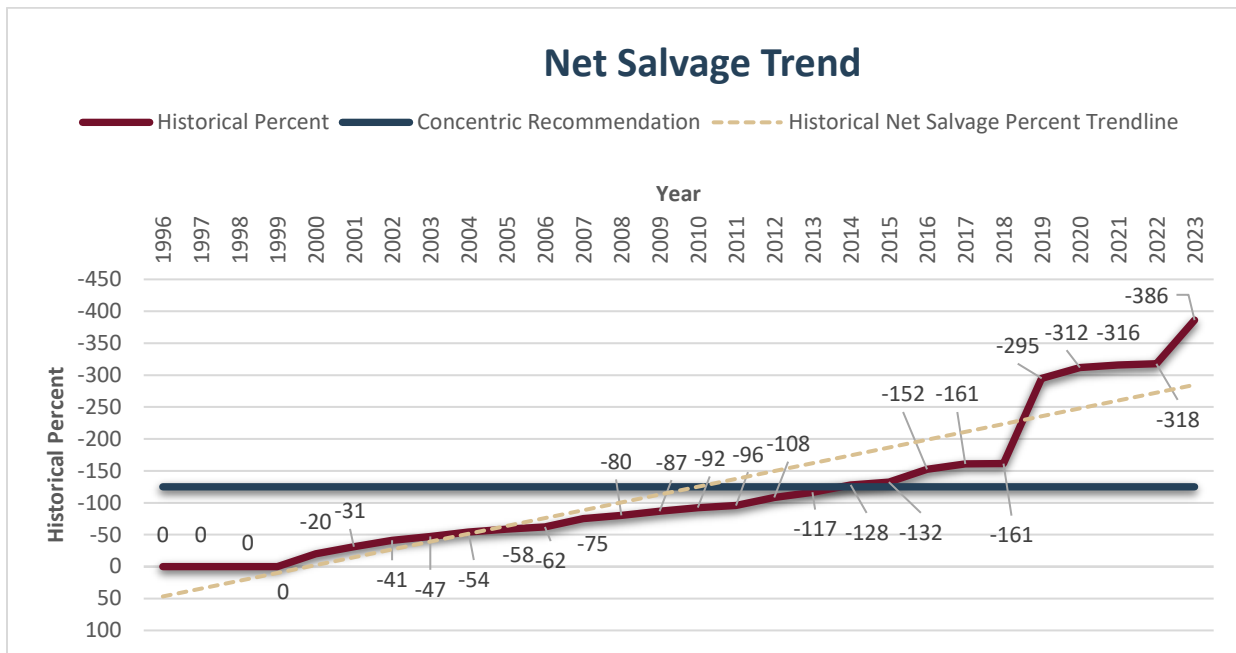
The currently approved life parameter for this account is an Iowa 53-R3.5 which provides a fit to the observed data with a Residual Measure of 0.8174. The proposed life parameter is an Iowa 53-R3 which produces a Residual Measure of 0.7195, as seen above and on page 6-2. The Iowa 53-R3 provides a good visual fit to the historical retirement data, while producing a better mathematical fit than the currently approved Iowa curve. Discussions with Enbridge Gaz Quebec management and operations staff indicated that this account should have a retirement dispersion in the future that is similar to what has been experienced historically.

To be consistent with the previous Depreciation Study, Concentric has also analyzed this account using the retirement rate method considering only retirements from 2009 onward and installations from 1961 forward. This is to better align with the current asset mix seen in the account and not unduly affect the survivor curve from a previous copper pipe replacement program. The results of the changes in the placement and experience bands in the graph can be seen below.



The changes between the two actuarial analyses can be seen primarily in the age ranges between age 40 and age 50 of surviving plant in service. In the above graph, the exposures on the survivor curve drop begin at approximately 90 percent at age 40 and drop to roughly 80 percent at age 50. This contrasts with the graph on page 3-9, where at age 40 the survivor curve indicates approximately 80 percent of plant surviving and by age 50 the percent surviving has dropped to roughly 60 percent. Concentric has noted the differences between the two results and continues to believe that no change to the recommended average service life estimate is the best path forward at this time.

A review of peer Canadian natural gas distribution utilities indicates a life of between 47 and 62 years, with a mean average service life recommendation of 54 years. It must be noted however, that some of the peer utilities studied have different account structures than EGQ, and study their plastic and steel services within different accounts. As plastic services are already the largest investment within this account and are predominantly what is being added into the system when there is a need, Concentric finds no need to alter the recommended average service life based on account composition. Adjusting the mode of the curve from an R3.5 to an R3 better aligns the retirement experience to the Iowa curve in an area of key importance in the actuarial analysis, from 80 percent surviving through 60 percent surviving. Concentric therefore recommends the use of an Iowa 53-R3 for this account moving forward.



This account has a currently approved net salvage of negative 125 percent. This account has shown a range in the historical net salvage activity of negative 20 percent to negative 386 percent, as seen above. The three-year band has ranged from negative 31 percent to over negative 1,000 percent. The five-year band has ranged from negative 20 percent to over negative 1,000 percent. The full depth band indicates negative 386 percent. These percentages can be seen in Section 7 on page 7-2. A review of peer Canadian gas distribution utilities indicates a range of negative 26 percent to negative 125 percent. It must be noted however, that within this peer range, there are some utilities that have services accounts broken out by composition in a way that does not perfectly align with EGQ's Services Account.

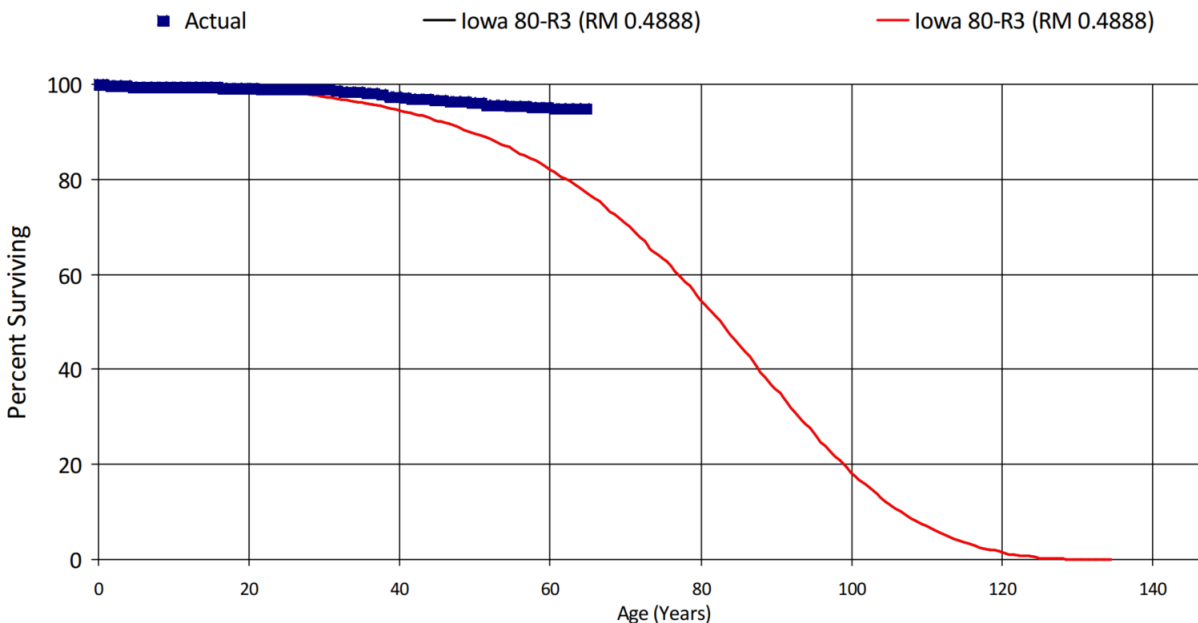
There has been consistent cost of removal activity within the past five years, however Concentric has not increased the recommended net salvage percentage as conversations with EGQ staff highlighted that this increase is due to timing differences with retirements and costs of removal more than it is with a true increase in the costs of removal as a percentage of retirements. Due to the above discussion, historical data and indications from management and operations staff, Concentric proposes continuing the use of a negative 125 percent net salvage rate.



ACCOUNT 475 - GAS MAINS

Investment \$	Investment %	Previously Approved Curve	Concentric Recommended Curve	Previously Approved Salvage Rate	Concentric Recommended Salvage Rate
\$130,069,111	55.20%	80-R3	80-R3	-90%	-90%

The investment in Gas Mains is approximately \$130 million representing 55.20 percent of the total depreciable plant studied. The assets in this account relate to the plastic and steel piping throughout EGQ's system. The split between plastic and steel as of the time of the Study completion is approximately 750 km of plastic, and 300 km of steel. The retirements, additions, and other plant transactions, for the plant installed between 1949 through 2023 were analyzed by the retirement rate method. There was no T-cut utilized for this account and retirements of \$1,112,579 were recorded for the period 1996 through 2023.

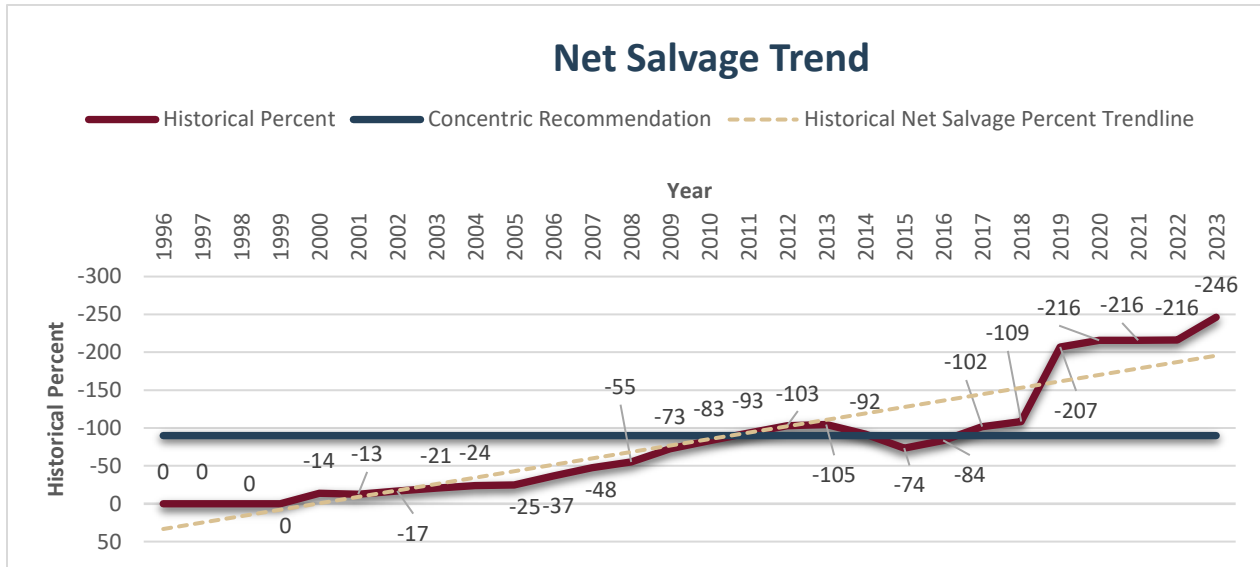


The currently approved and proposed life parameter for this account is an Iowa 80-R3 which provides a fit to the observed data with a Residual Measure of 0.4888 as seen above and on page 6-6. EGQ staff indicated that there is still pipe in operation today with vintages dating back to the company's origin. This speaks to the longevity of the assets in service within this account and is a large reason why Concentric does not recommend a change to the average service life at this time.

Discussions with Enbridge Gaz Quebec management and operations staff indicated that this account should have a retirement dispersion in the future that is similar to what has been experienced historically. Staff spoke to Concentric about how mains are typically replaced or relocated, and that it is quite rare that they would have to abandon long sections of mains pipe without any replacement work. A review of peer Canadian natural gas distribution utilities indicates a life of between 60 and 66 years, with a mean average service life recommendation of 65 years. Although this peer range places EGQ on the longer end of peers, Concentric has no reason to believe that there is an imminent



need for large retirements to the current plant in service that would necessitate a large reduction in the average service life estimate. It is possible at the time of the next study that this life may need a shortening, but based on the above discussion and considerations, and on Concentric’s experience, an Iowa 80-R3 is still a reasonable expectation for the investment in this account.



This account has a currently approved net salvage of negative 90 percent. This account has shown a range in the historical net salvage activity of negative 13 percent to negative 246 percent, as seen above. The three-year band has ranged from negative 18 percent to over negative 1,000 percent. The five-year band has ranged from negative 14 percent to over negative 1,000 percent. The full depth band indicates negative 246 percent. These percentages can be seen in Section 7 on page 7-3. A review of peer Canadian gas distribution utilities indicates a range of negative 10 percent to negative 70 percent. Although the recommended net salvage percentage is above the peer range, Concentric recommends the continuation of the use of a negative 90 percent rate as the data has shown continuous increases over time. As the conversations with EGQ management and operational staff have indicated to Concentric that the currently approved negative 90 percent is reasonable, Concentric does not feel the need to increase the recommendation at this time.

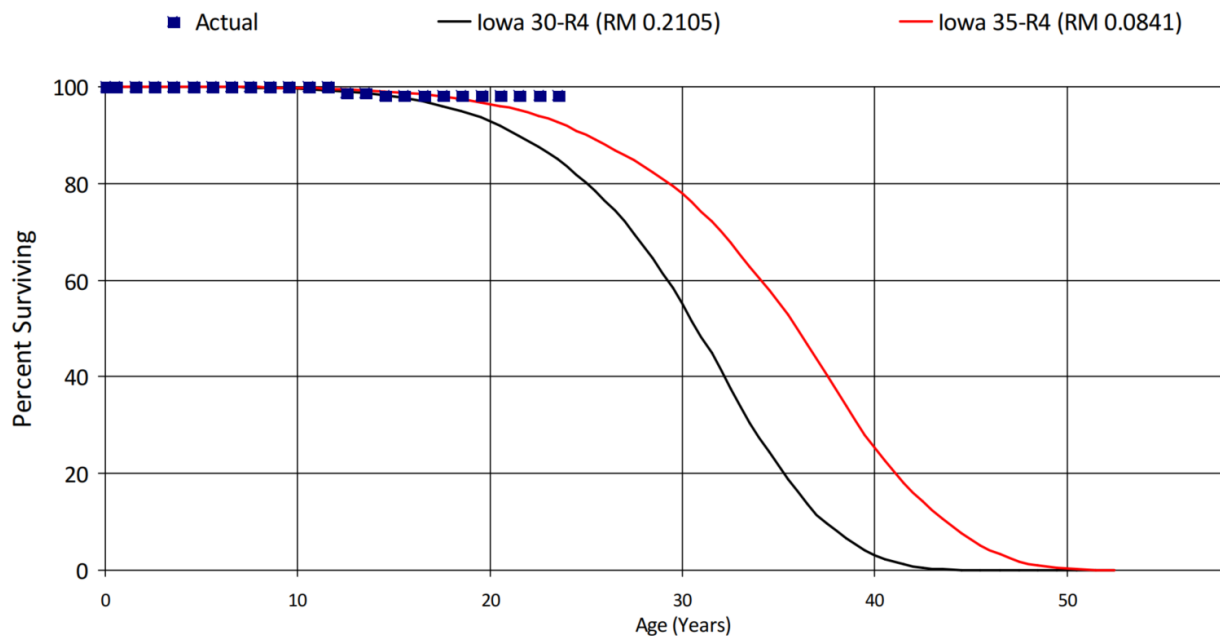
The cost of removal has ebbed and flowed over the last five years, with 2019 being a large year for cost of removal activity. However, conversations with EGQ staff have indicated that for any large projects, the abandonment portion is a very small amount compared to the installation cost. Due to the above discussion, historical data and indications from management and operations staff, Concentric proposes continuing the use of a negative 90 percent net salvage rate.



ACCOUNT 477 – REGULATING EQUIPMENT

Investment \$	Investment %	Previously Approved Curve	Concentric Recommended Curves	Previously Approved Salvage Rate	Concentric Recommended Salvage Rate
\$7,244,706	3.07%	30-R4	35-R4	-10%	-15%

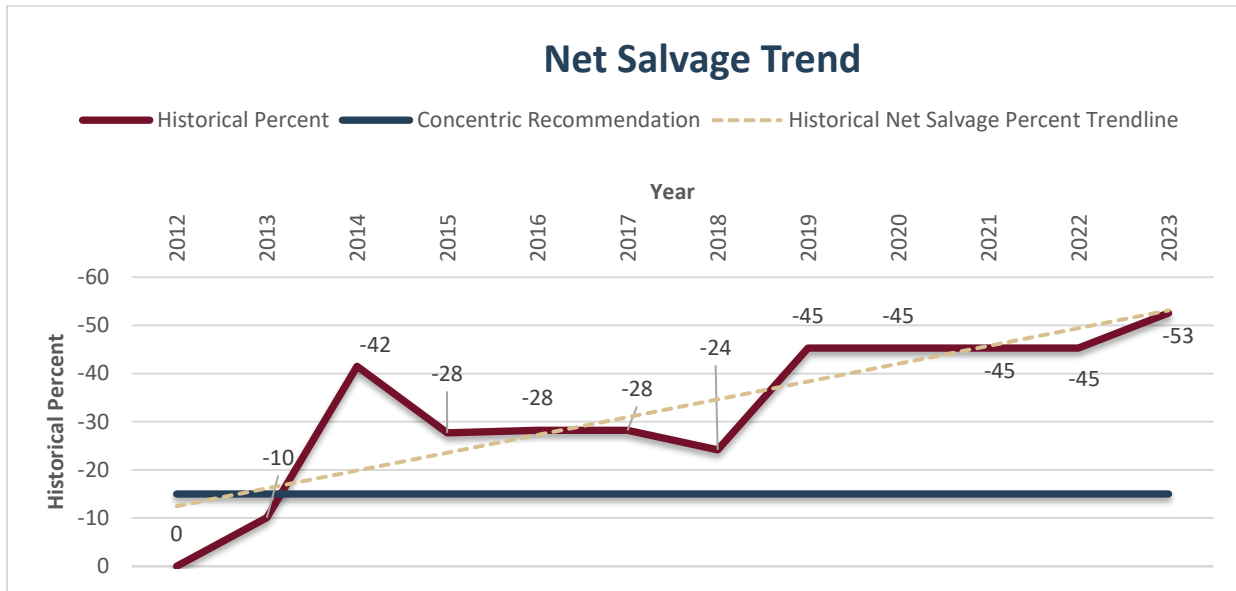
The investment in Regulating Equipment is approximately \$7.2 million representing 3.07 percent of the total depreciable plant studied. The assets in this account relate to both the residential and district regulating stations. The retirements, additions, and other plant transactions, for the plant installed between 1949 through 2023 were analyzed by the retirement rate method. There was no T-cut utilized for this account and retirements \$50,333 were recorded for the period 2013 through 2023.



The currently approved life parameter for this account is an Iowa 30-R4 which provides a fit to the observed data with a Residual Measure of 0.2105. The proposed life parameter is an Iowa 35-R4 which produces a Residual Measure of 0.0841, as seen above and on page 6-10. The Iowa 35-R4 provides a good visual fit to the historical retirement data, while producing a better mathematical fit than the currently approved Iowa curve. Discussions with EGQ management and operations staff indicated that this account should have a retirement dispersion in the future that is similar to what has been experienced historically. However, staff indicated that the current 30-year average service life estimate is a shorter estimate than they would expect, and they believe that a slight increase to a 35-year average service life would make more sense given the investment in this account, and the range displayed from the group of peer utilities. The review of peer Canadian natural gas distribution utilities indicates a life of between 35 and 45 years, with a mean average service life recommendation of 40 years.



These stations get rebuilt sometimes for load changes, as customers change the way they use gas and alter their demand. Primarily, however, they are rebuilt for repairs more than for load reasons. There are no pressure cuts from transmission levels down to distribution, this is handled by Enbridge Gas Inc. (EGI), but EGQ handles all pressure cuts downstream of the two entry points owned by Niagara Gas Transmission. Based on the above discussion and considerations, and on Concentric's experience, a slight increase in the average service life to an Iowa 35-R4 is a reasonable expectation for the investment in this account moving forward.



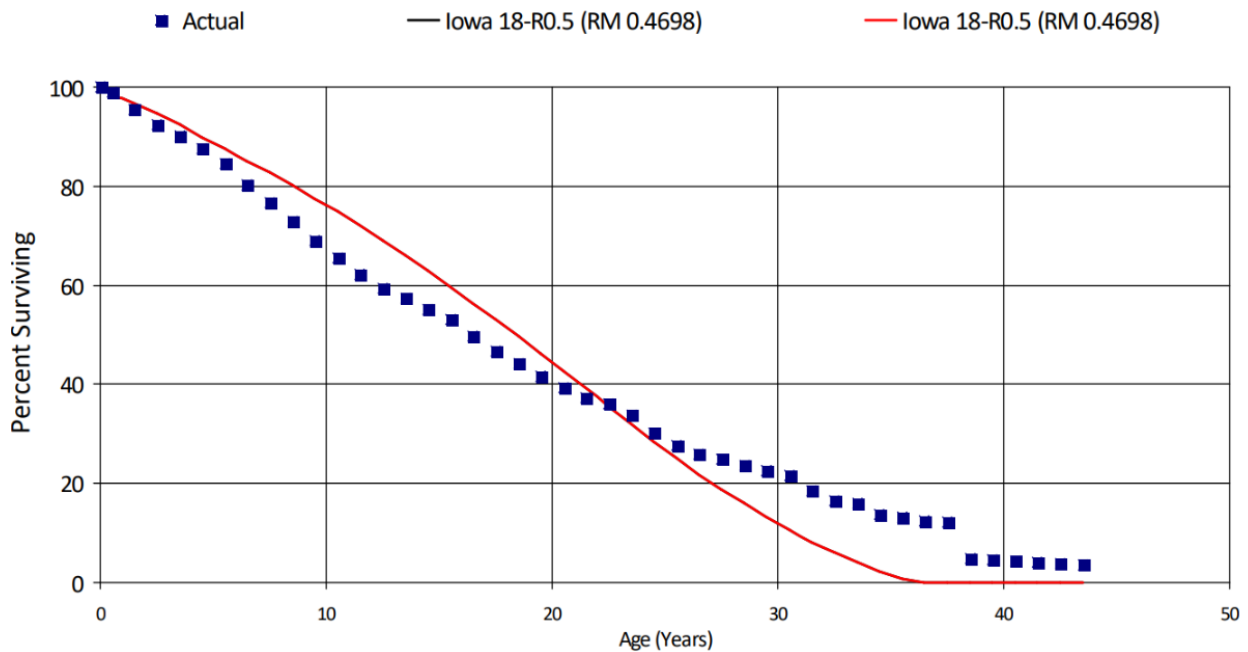
This account has a currently approved net salvage of negative 10 percent. This account has shown a range in the historical net salvage activity of negative 10 percent to negative 53 percent, as seen above. The three-year band has ranged from negative two percent to negative 148 percent. The five-year band has ranged from negative 27 percent to negative 151 percent. The full depth band indicates negative 53 percent. These percentages can be seen in Section 7 on page 7-4. A review of peer Canadian gas distribution utilities indicates a range of negative five percent to negative 30 percent. Conversations with EGQ staff indicated to Concentric that there is a growing gap between the cost of removal and the cost of installation. As this was not the case in the last study, Concentric has placed more weighting on the conversations than the data at this time. Due to the above discussion, historical data and indications from management and operations staff, Concentric proposes a change to a negative 15 percent net salvage rate, acknowledging that further increases to the net salvage rate may be necessary in future studies.



ACCOUNT 478 – METERS

Investment \$	Investment %	Previously Approved Curve	Concentric Recommended Curve	Previously Approved Salvage Rate	Concentric Recommended Salvage Rate
\$6,977,355	2.96%	18-R0.5	18-R0.5	0%	0%

The investment in Meters is approximately \$6.9 million representing 2.96 percent of the total depreciable plant studied. The assets within this account relate to meter sets, including the regulator. These meters are the same meters used by EGQ’s sister company, EGI. They are ultrasonic meters, and EGQ currently has no automated meter reading on their system as of the time of completion of the Study. The only meters that are remotely read are the meters at the stations. The retirements, additions, and other plant transactions, for the plant installed between 1949 through 2023 were analyzed by the retirement rate method. There was no T-cut utilized for this account and retirements \$5,722,132 were recorded for the period 1996 through 2023.



The currently approved and proposed life parameter for this account is an Iowa 18-R0.5 which provides a fit to the observed data with a Residual Measure of 0.4698 as seen above and on page 6-12. EGQ staff indicated that there is no reason to expect the future retirement pattern to be different than what has been experienced in the past. A review of peer Canadian natural gas distribution utilities indicates a life of between 14 and 25 years, with a mean average service life recommendation of 19 years, placing EGQ in line with their peer utilities. Based on the above discussion and considerations, and on Concentric’s experience, an Iowa 45-R4 is still a reasonable expectation for the investment in this account.

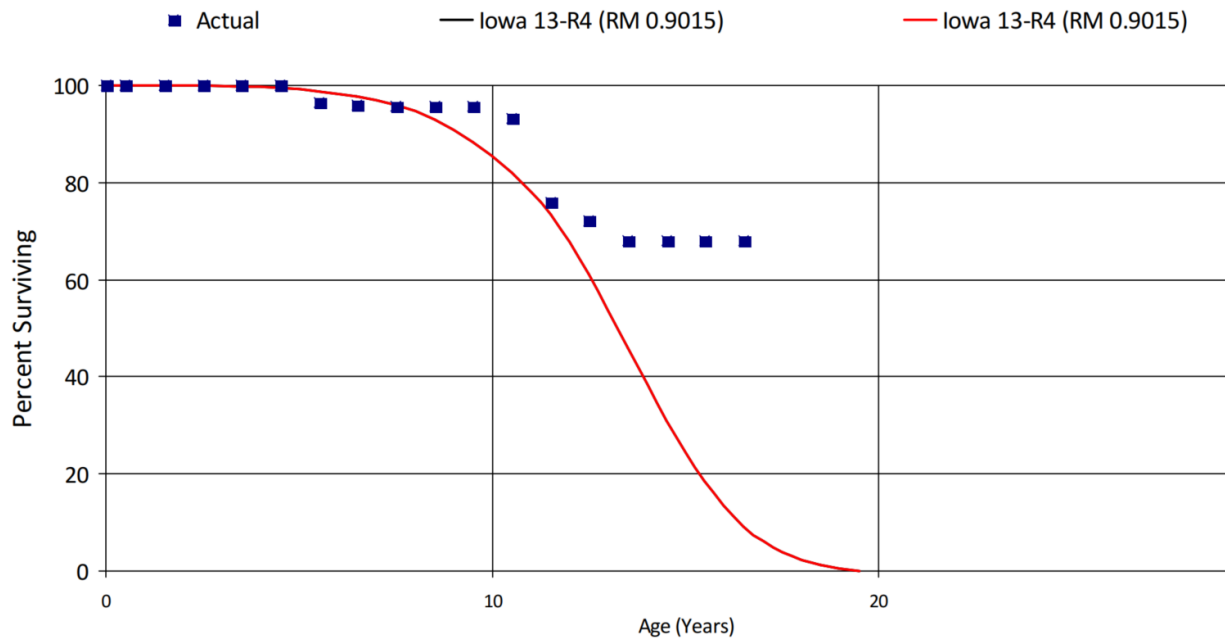
There is no resale value on the meters and no cost of removal, therefore Concentric is continuing to not propose a net salvage recommendation for this account.



ACCOUNT 484 – TRANSPORTATION EQUIPMENT

Investment \$	Investment %	Previously Approved Curve	Concentric Recommended Curve	Previously Approved Salvage Rate	Concentric Recommended Salvage Rate
\$2,836,516	1.20%	13-R4	13-R4	0%	5%

The investment in Transportation Equipment is approximately \$2.8 million representing just 1.23 percent of the total depreciable plant studied. The assets in this account relate to a fleet mainly composed of pickups, with some heavy vehicles and trailers. The retirements, additions, and other plant transactions, for the plant installed between 1949 through 2023 were analyzed by the retirement rate method. There was no T-cut utilized for this account and retirements \$359,524 were recorded for the period 1996 through 2023.

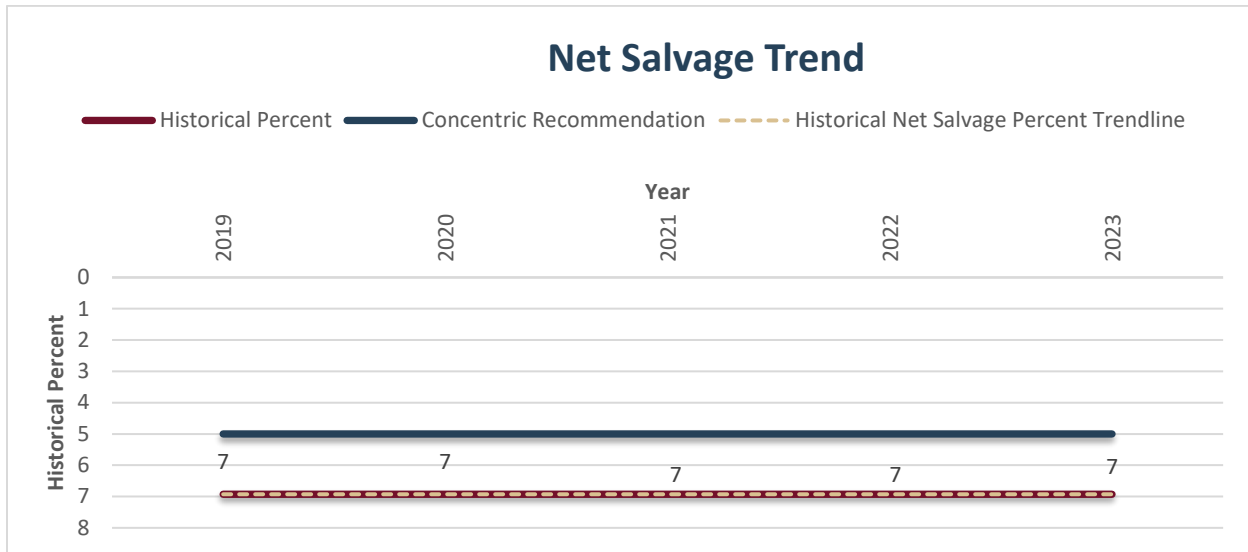


The currently approved and proposed Iowa 13-R4 produced a fit with a related residual measure of 0.9015 as depicted above and on page 6-20. The historical retirement experience indicates that to date, the largest retirement ratios have been right around the average age, with smaller retirement ratios before then. This has led Concentric to continue to recommend the use of an R4 mode Iowa curve. EGQ staff indicated to Concentric that the heavy trucks are the majority of the investment in the account which are expected to live approximately 12 to 15 years. It is expected that pickup trucks will live between seven and 10 years. EGQ determines the end of life for these assets to be when the maintenance cost exceeds the remaining residual value of the assets.

Given the investment in each of the categories within this account, the 13-year average service life is still reasonable to Concentric at this time. A review of peer Canadian natural gas distribution utilities indicates a life of between seven and 12 years, with a mean average service life recommendation of nine years. As EGQ has a small service territory compared to a lot of their peer utilities, it is reasonable that they are on the long end of the peer range. Based on the above discussion and



considerations, and on Concentric's experience, an Iowa 13-R4 is a reasonable expectation for the investment in this account.



This account has a currently approved net salvage of zero percent. This account has shown a consistent amount of net salvage since 2019 as seen above. A review of peer Canadian gas distribution utilities indicates a range of 10 percent to 15 percent. Conversations with EGQ operational and management staff indicated recent experience with salvage will look different than historical experience, as historically the costs were flowing through to EGI. This process has now adapted and EGQ should see any costs or proceeds in gross salvage from taking vehicles to auction. At this time, based on the historical data and indications from management and operations staff, Concentric views that introducing a five percent net salvage rate for use in the depreciation calculations is an appropriate recommendation in this study. As more data is available in future studies, this recommendation may need to be adjusted.



OTHER ACCOUNTS

The above analysis provides the consideration relating to over 97 percent of the depreciable plant. Many of the accounts related to the remaining four percent of the depreciable plant studied as of December 31, 2023, are subject to amortization accounting. This is proposed for a number of accounts that represent numerous units of property, but very small portions of depreciable gas plant in service.



SECTION 4

4 CALCULATION OF ANNUAL AND ACCRUED DEPRECIATION

4.1 Group Depreciation Procedures

When more than a single item of property is under consideration, a group procedure for depreciation is appropriate because, usually all of the items within a group do not have identical service lives but have lives that are dispersed over a range of time. There are two primary group procedures: ALG and ELG.

In the ELG procedure, the property group is subdivided according to service life. That is, each ELG includes that portion of the property which experiences the life of that specific group. The relative size of each ELG is determined from the property's life dispersion curve. The calculated depreciation for the property group is the summation of the calculated depreciation based on the service life of each ELG.

The table on the following page presents an illustration of the calculation of ELG depreciation in a mass property account using the Iowa 13-R2 survivor curve, zero percent net salvage and a December 31, 2023, calculation date. Each ELG, in the table, is defined by the age interval shown in columns 1 and 2. These are the ages at which the first and last retirement of each group occurs, and the group's equal life, shown in column 3, is the midpoint of the interval. For purposes of the calculation, each vintage is divided into ELGs arranged so that the midpoint of each one-year age interval coincides with the calculation date, e.g., in this case December 31. This enables the calculation of annual accruals for a twelve-month period centered on the date of calculation.

The retirement during the age interval, shown in column 4, is the size of each ELG derived from the Iowa 13-R2 survivor curve and zero percent net salvage. It is the difference between the percentage surviving at the beginning and end of the age interval. Each ELG's annual accrual, shown in column 5, equals the group's size (column 4) divided by its life (column 3), except in the circumstance of age 0.5 due to the use of the mid-year convention.

Columns 7 through 10 show the derivation of the annual and accrued factors for each vintage based on the information developed in the first five columns. The year installed is shown in column 6. For all vintages other than 2024, the summation of annual accruals for each year installed, shown in column 7, is calculated by adding one-half of the group annual accrual (column 5) for that vintage's current age interval plus the group annual accruals for all succeeding age intervals. For example, the figure 9.36279122771 for 2023, equals one-half of 0.69931333333 plus all of the succeeding figures in column 5. Only one-half of the annual accrual for the vintage's current age interval group is included in the summation because the ELG for that interval has reached the year during which it is expected to be retired.



DETAILED COMPUTATION OF ANNUAL AND ACCRUED FACTORS USING THE EQUAL LIFE GROUP PROCEDURE

Input Parameters:			Calculation Date = 12-31-2023				Survivor Curve = 13-R2			
Age Interval			Retirements	Group Annual		Summation of	Average	Annual	Accrued	
Beg.	End	Life	During Age	Accrual	Year Inst.	Annual Accruals	Percent	Factor	Factor	
(1)	(2)	(3)	(4)	(5) = (4)/(3)	(6)	(7)	(8)	(9) = (7)/(8)	(10) = (9)*(3)	
0.000	1.000	0.500	0.81843	0.81843000000	2023	10.53087789437	99.607343	0.1057	0.0529	
1.000	2.000	1.500	1.04897	0.69931333333	2022	9.36279122770	98.657081	0.0949	0.1424	
2.000	3.000	2.500	1.32665	0.53066000000	2021	8.74780456104	97.469276	0.0897	0.2244	
3.000	4.000	3.500	1.65967	0.47419142857	2020	8.24537884675	95.976118	0.0859	0.3007	
4.000	5.000	4.500	2.05317	0.45626000000	2019	7.78015313246	94.119697	0.0827	0.3720	
5.000	6.000	5.500	2.51363	0.45702363636	2018	7.32351131428	91.836296	0.0797	0.4386	
6.000	7.000	6.500	3.05106	0.46939384615	2017	6.86030257302	89.053950	0.0770	0.5007	
7.000	8.000	7.500	3.66989	0.48931866667	2016	6.38094631661	85.693474	0.0745	0.5585	
8.000	9.000	8.500	4.36997	0.51411411765	2015	5.87922992446	81.673542	0.0720	0.6119	
9.000	10.000	9.500	5.14410	0.54148421053	2014	5.35143076037	76.916510	0.0696	0.6610	
10.000	11.000	10.500	5.97129	0.56869428571	2013	4.79634151225	71.358816	0.0672	0.7058	
11.000	12.000	11.500	6.79860	0.59118260870	2012	4.21640306504	64.973866	0.0649	0.7463	
12.000	13.000	12.500	7.54947	0.60395760000	2011	3.61883296070	57.799833	0.0626	0.7826	
13.000	14.000	13.500	8.12298	0.60170222222	2010	3.01600304959	49.963612	0.0604	0.8149	
14.000	15.000	14.500	8.39246	0.57879034483	2009	2.42575676606	41.705891	0.0582	0.8434	
15.000	16.000	15.500	8.25458	0.53255354839	2008	1.87008481945	33.382372	0.0560	0.8683	
16.000	17.000	16.500	7.66186	0.46435515152	2007	1.37163046950	25.424151	0.0539	0.8902	
17.000	18.000	17.500	6.66225	0.38070000000	2006	0.94910289374	18.262094	0.0520	0.9095	
18.000	19.000	18.500	5.40212	0.29200648649	2005	0.61274965050	12.229909	0.0501	0.9269	
19.000	20.000	19.500	4.06774	0.20860205128	2004	0.36244538162	7.494980	0.0484	0.9430	
20.000	21.000	20.500	2.81382	0.13725951220	2003	0.18951459988	4.054203	0.0467	0.9583	
21.000	22.000	21.500	1.70757	0.07942186047	2002	0.08117391355	1.793508	0.0453	0.9731	
22.000	23.000	22.500	0.78015	0.03467333333	2001	0.02412631665	0.549647	0.0439	0.9876	
23.000	24.000	23.500	0.15903	0.00676723404	2000	0.00340603296	0.080054	0.0425	0.9998	
24.000	24.180	24.090	0.00054	0.00002241594	1999	0.00000201743	0.000049	0.0412	1.0000	
TOTAL			100.00000							

Column 4 represents the retirements at each of the Age Intervals listed in Column 3, for the lowa survivor curve chosen

Column 7 is derived by calculating, for all Life Intervals except the first and last, by dividing the Group Annual Accrual in Column 5 by 2, and adding this result to the Group Annual Accrual amounts from all older Life Intervals

(e.g. Summation of Annual Accruals at Life 21.500 = (0.07942186047) + 0.03467333333 + 0.00676723404 + 0.00002241594)

Column 8 is derived from the lowa 13-R2 survivor curve, with zero percent net salvage

The summation of annual accruals (column 7) for installations during 2024 is calculated on the basis of an in-service date at the midpoint of the year (i.e., June 30). In as much as the overall calculation is centered on December 31, 2023 the first figure in column 7, for vintage 2023, equals all of the group annual accrual for the first equal life group plus the accruals for all of the subsequent equal life groups.



The average percent surviving derived from the Iowa 13-R2 survivor curve and zero percent net salvage, is shown in column 8 for each age interval. The annual factor, shown in column 9, is the result of dividing the summation of annual accruals (column 7) by the average percent surviving (column 8). The accrued factor, shown in column 10, equals the annual factor multiplied by the age of the group at December 31, 2023.

4.2 Calculation of Annual and Accrued Amortization

Amortization is the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized. Normally, the distribution of the amount is in equal amounts to each year of the amortization period.

The calculation of annual and accrued amortization requires the selection of an amortization period. The amortization periods used in this report were based on judgment which incorporated a consideration of the period during which the assets will render most of their service, the amortization period and service lives used by other utilities, and the service life estimates previously used for the asset under depreciation accounting.

Amortization accounting is proposed for a number of accounts that represent numerous units of property, but a very small portion of depreciable gas plant in service. The accounts and their amortization periods are as follows:

Account	Title	Amortization Period - Years
482	Leasehold Improvements	20
483	Office Furniture and Equipment	15
486	Tools and Work Equipment	10
490	Computer Equipment	4
491	Other Intangible Assets – Acquired Software	4
491.1	Other Intangible Assets - CIS	10
491.2	Other Intangible Assets – WAMS	10
473	Contributions – Services	53
475	Contributions – Mains	80
477	Contributions – Regulating Equipment	35

The contributions accounts for Services, Mains, and Regulating Equipment are listed above; however, these accounts are amortized over the composite remaining life of their associated property account. These composite remaining lives can be seen in Column 9 of Table 1 in Section 5.2.

For the purpose of calculating annual amortization amounts, as of December 31, 2023, the book depreciation reserve for each plant account or subaccount is assigned or allocated to vintages. The book reserve assigned to vintages with an age greater than the amortization period is equal to the vintage’s original cost where possible. The remaining book reserve is allocated among vintages with an age less than the amortization period in proportion to the calculated accrued amortization. The



calculated accrued amortization is equal to the original cost multiplied by the ratio of the vintage's age to its amortization period. The annual amortization amount is determined by dividing the future amortizations (original cost less allocated book reserve) by the remaining period of amortization for the vintage.

4.3 Monitoring of Book Accumulated Depreciation

The calculated accrued depreciation or amortization represents that portion of the depreciable cost which will not be allocated to expense through future depreciation accruals, if current forecasts of service life characteristics materialize and are used as a basis for depreciation accounting. Thus, the calculated accrued depreciation provides a measure of the book accumulated depreciation. The use of this measure is recommended in the amortization of book accumulated depreciation variances to insure complete recovery of capital over the life of the property.

The composite remaining life for use in the calculation of depreciation accruals is derived by developing the composite sum of the individual remaining lives in accordance with the following equation:

$$\text{Composite Remaining Life} = \frac{\sum \left(\frac{\text{Book Cost}}{\text{Life}} \times \text{Remaining Life} \right)}{\sum \frac{\text{Book Cost}}{\text{Life}}} \quad (1)$$

The book costs and lives of the several vintages, which are summed in the foregoing equation, are defined by the estimated future survivor curve. In as much as book cost divided by life equals the whole life annual accrual, the foregoing equation reduces to the following form:

$$\text{Composite Remaining Life} = \frac{\sum \text{Whole Life Future Accruals}}{\sum \text{Whole Life Annual Accrual}} \quad (2)$$

or

$$\text{Composite Remaining Life} = \frac{\sum \text{Book Cost} - \text{Calc, Reserve}}{\sum \text{Whole Life Annual Accrual}} \quad (3)$$



SECTION 5

5 RESULTS OF THE STUDY

5.1 Qualification of Results

The calculated annual and accrued depreciation are the principal results of the study. Continued surveillance and periodic revisions are normally required to maintain continued use of appropriate annual depreciation accrual rates. An assumption that accrual rates can remain unchanged over a long period of time implies a disregard for the inherent variability in service lives and salvage, and for the change of the composition of property in service. The annual accrual rates and the accrued depreciation were calculated in accordance with the Straight-line method, using the ELG procedure based on estimates which reflect considerations of current historical evidence and expected future conditions.

5.2 Description of Detailed Tabulations

The following table provides summaries by account of the original cost of investment, booked accumulated depreciation amounts, the required amount of annual depreciation expense, the required depreciation rate to be applied against the original cost of the account and the estimated composite remaining life of the surviving plant in service.

The detailed calculations of annual depreciation applicable to depreciable assets, as of December 31, 2023, are presented in account sequence starting in Section 8 – Page 8-2. The tables indicate the estimated average survivor curves used in the calculations. The tables set forth (for each installation year) the original cost, calculated accrued depreciation and the calculated annual accrual.

ENBRIDGE GAZ QUEBEC

TABLE 1 - ESTIMATED SURVIVOR CURVE, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO UTILITY PLANT AS OF DECEMBER 31, 2023
DEPRECIATION RELATED TO RECOVERY OF ORIGINAL COST OF INVESTMENT
ELG Procedure

Account	Account Description	Survivor Curve	Net Salvage	Investment Percentage	Original Cost as of Dec. 31, 2023	Book Depreciation Reserve	Future Accruals	Calculated Annual Accrual Amount	Calculated Annual Accrual Rate	Composite Remaining Life
(1)		(2)	(3)	(4)	(4)	(5)	(6)	(7)	(8)	(9)
DEPRECIABLE PLANT STUDIED										
473	Services	53-R3	-125	35.36%	83,326,963	42,184,245	145,301,423	4,327,447	5.19%	34.14
475	Mains	80-R3	-90	55.20%	130,069,111	44,377,957	202,753,355	3,597,689	2.77%	56.48
477	Regulating Equipment	35-R4	-15	3.07%	7,244,706	2,979,538	5,351,874	230,274	3.18%	22.43
478	Meters	18-R0-S	0	2.96%	6,977,355	976,282	6,001,073	792,467	11.36%	8.69
482	Leasehold Improvements	20-SQ	0	0.71%	1,684,424	793,523	890,901	54,734	3.25% *	12.30
483	Office Furniture and Equipment	15-SQ	0	0.13%	298,414	198,288	100,126	7,493	2.51% *	8.09
484	Transportation Equipment	13-R4	5	1.20%	2,836,516	1,357,685	1,337,005	160,616	5.66%	6.66
485	Heavy Work Equipment	17-S3	0	0.12%	277,679	275,924	1,754	131	0.05%	5.02
486	Tools and Work Equipment	10-SQ	0	0.16%	379,344	205,677	173,667	36,392	9.59% *	4.54
488	Communication Equipment	11-S3	0	0.21%	494,101	583,582	-89,481	0	0.00%	2.98
490	Computer Equipment	4-SQ	0	0.14%	333,432	285,832	47,600	13,600	4.08% *	1.71
491	Other Intangible Assets - Acquired Software	4-SQ	0	0.24%	573,126	-11,483	584,609	361,180	63.02% *	1.73
491.1	Other Intangible Assets - CIS	10-SQ	0	0.39%	911,036	840,176	70,860	12,904	1.42% *	2.54
491.2	Other Intangible Assets - WAMS	10-SQ	0	0.10%	233,865	120,717	113,147	23,941	10.24% *	4.77
TOTAL DEPRECIABLE PLANT STUDIED					235,640,071	95,167,943	362,637,912	9,618,868	4.08%	
CONTRIBUTIONS**										
473	Services	53-SQ	0		-838,811	-603,817	-234,994	-6,884	0.82%	34.14
475	Mains	80-SQ	0		-3,092,266	-3,381,917	289,651	5,128	-0.17%	56.48
477	Regulating Equipment	35-SQ	0		-179,153	-133,061	-46,092	-2,055	1.15%	22.43
TOTAL CONTRIBUTIONS					-4,110,230	-4,118,795	8,565	-3,811	0.09%	
TOTAL PLANT					231,529,841	91,049,149	362,646,477	9,615,057	4.15%	

Accounts with an italicized percentage are written in detail in Section 3 of the Depreciation Study

* Amortization Accounting Utilized for these accounts

** Contributions are amortized over the life of the account to which the contributions apply



SECTION 6

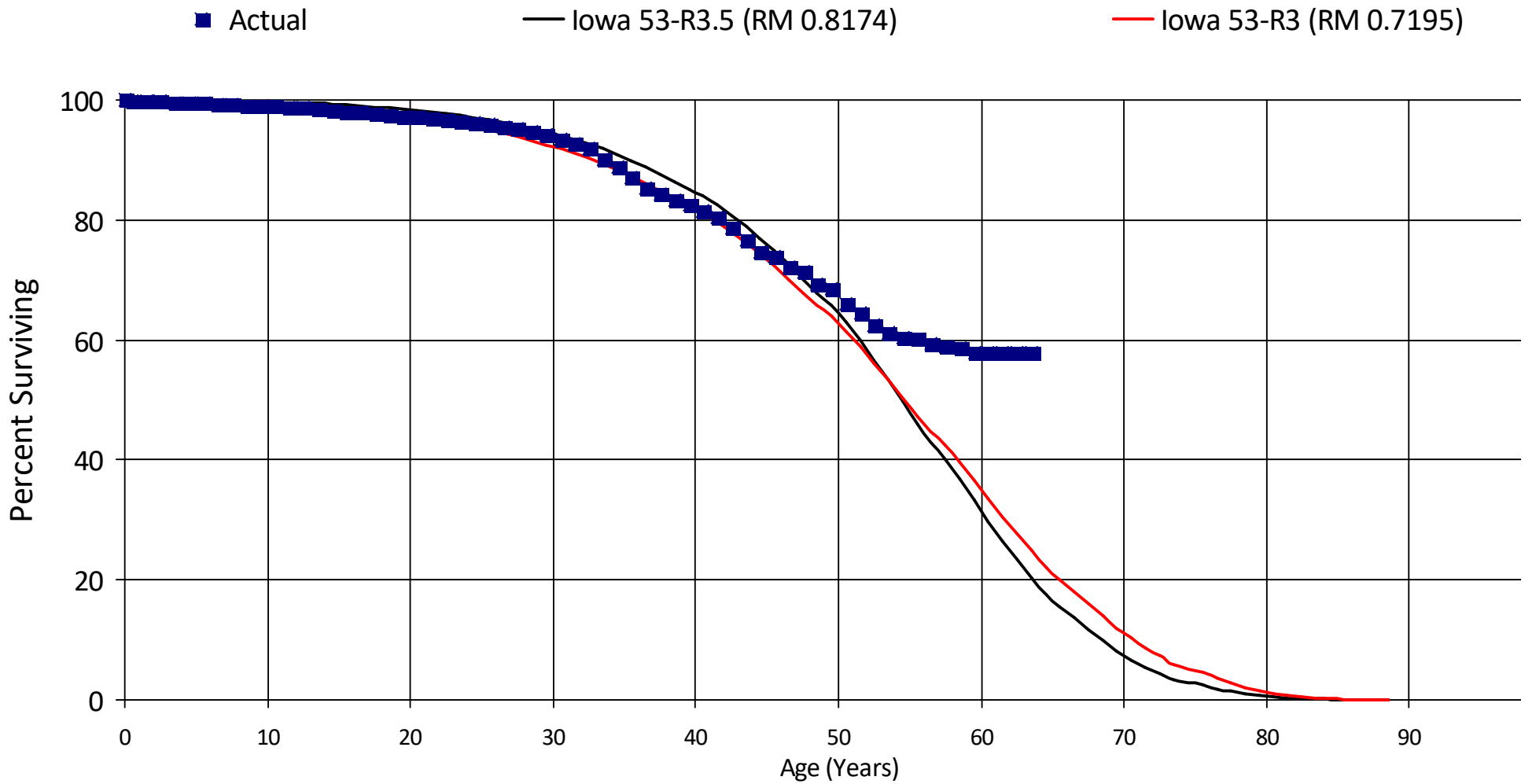
6 RETIREMENT RATE ANALYSIS

Enbridge Gaz Quebec

Account 473.00 - Gas Services

Placement Band - 1949 - 2023 Experience Band - 1996 - 2023

Actual and Smooth Survivor Curves



Enbridge Gaz Quebec

Account 473.00 - Gas Services

Placement Band - 1949 - 2023 Experience Band - 1996 - 2023

RETIREMENT RATE ANALYSIS

Age at Begin of Interval	Exposures at Beginning of Age Interval	Retirements During Age Interval	Retmt Ratio	Survivor Ratio	% Surviving
0	86,347,798	112,065	0.00130	0.99870	100.00
0.5	82,950,337	87,648	0.00106	0.99894	99.87
1.5	78,386,523	61,019	0.00078	0.99922	99.76
2.5	72,347,472	62,056	0.00086	0.99914	99.68
3.5	68,609,207	67,017	0.00098	0.99902	99.59
4.5	64,848,413	58,058	0.00090	0.99910	99.49
5.5	61,478,752	66,912	0.00109	0.99891	99.40
6.5	57,445,766	60,195	0.00105	0.99895	99.29
7.5	54,470,938	44,239	0.00081	0.99919	99.19
8.5	51,634,831	40,511	0.00078	0.99922	99.11
9.5	48,656,845	55,321	0.00114	0.99886	99.03
10.5	46,507,389	61,044	0.00131	0.99869	98.92
11.5	44,195,906	58,519	0.00132	0.99868	98.79
12.5	42,289,520	66,198	0.00157	0.99843	98.66
13.5	40,263,571	89,024	0.00221	0.99779	98.51
14.5	38,263,324	87,790	0.00229	0.99771	98.29
15.5	36,363,935	68,013	0.00187	0.99813	98.06
16.5	34,146,019	43,558	0.00128	0.99872	97.88
17.5	32,225,754	83,915	0.00260	0.99740	97.75
18.5	30,447,439	60,993	0.00200	0.99800	97.50
19.5	29,827,081	59,944	0.00201	0.99799	97.30
20.5	27,408,331	60,576	0.00221	0.99779	97.10
21.5	25,487,732	68,332	0.00268	0.99732	96.89
22.5	23,822,503	68,233	0.00286	0.99714	96.63
23.5	22,222,886	50,626	0.00228	0.99772	96.35
24.5	20,068,669	60,717	0.00303	0.99697	96.13
25.5	18,357,160	56,841	0.00310	0.99690	95.84
26.5	16,434,447	81,497	0.00496	0.99504	95.54

Enbridge Gaz Quebec

Account 473.00 - Gas Services

Placement Band - 1949 - 2023 Experience Band - 1996 - 2023

27.5	14,752,963	58,865	0.00399	0.99601	95.07
28.5	13,321,216	77,812	0.00584	0.99416	94.69
29.5	11,864,729	80,918	0.00682	0.99318	94.14
30.5	10,085,633	97,965	0.00971	0.99029	93.50
31.5	8,451,818	57,882	0.00685	0.99315	92.59
32.5	6,931,796	134,503	0.01940	0.98060	91.96
33.5	5,595,082	88,320	0.01579	0.98421	90.18
34.5	4,913,362	99,865	0.02033	0.97967	88.76
35.5	4,354,794	78,229	0.01796	0.98204	86.96
36.5	3,976,640	48,189	0.01212	0.98788	85.40
37.5	3,619,105	42,539	0.01175	0.98825	84.36
38.5	3,198,839	33,524	0.01048	0.98952	83.37
39.5	2,569,522	33,691	0.01311	0.98689	82.50
40.5	2,123,339	25,625	0.01207	0.98793	81.42
41.5	1,678,359	35,575	0.02120	0.97880	80.44
42.5	1,393,579	37,057	0.02659	0.97341	78.73
43.5	1,176,426	30,422	0.02586	0.97414	76.64
44.5	1,023,284	12,341	0.01206	0.98794	74.66
45.5	905,938	21,625	0.02387	0.97613	73.76
46.5	825,311	8,116	0.00983	0.99017	72.00
47.5	756,248	19,925	0.02635	0.97365	71.29
48.5	627,004	8,930	0.01424	0.98576	69.41
49.5	493,015	18,387	0.03729	0.96271	68.42
50.5	356,925	8,008	0.02244	0.97756	65.87
51.5	273,178	7,853	0.02875	0.97125	64.39
52.5	211,368	4,751	0.02248	0.97752	62.54
53.5	205,498	2,314	0.01126	0.98874	61.13
54.5	183,424	719	0.00392	0.99608	60.44
55.5	174,073	2,377	0.01366	0.98634	60.20
56.5	161,207	1,358	0.00842	0.99158	59.38
57.5	154,679	419	0.00271	0.99729	58.88

Enbridge Gaz Quebec

Account 473.00 - Gas Services

Placement Band - 1949 - 2023 Experience Band - 1996 - 2023

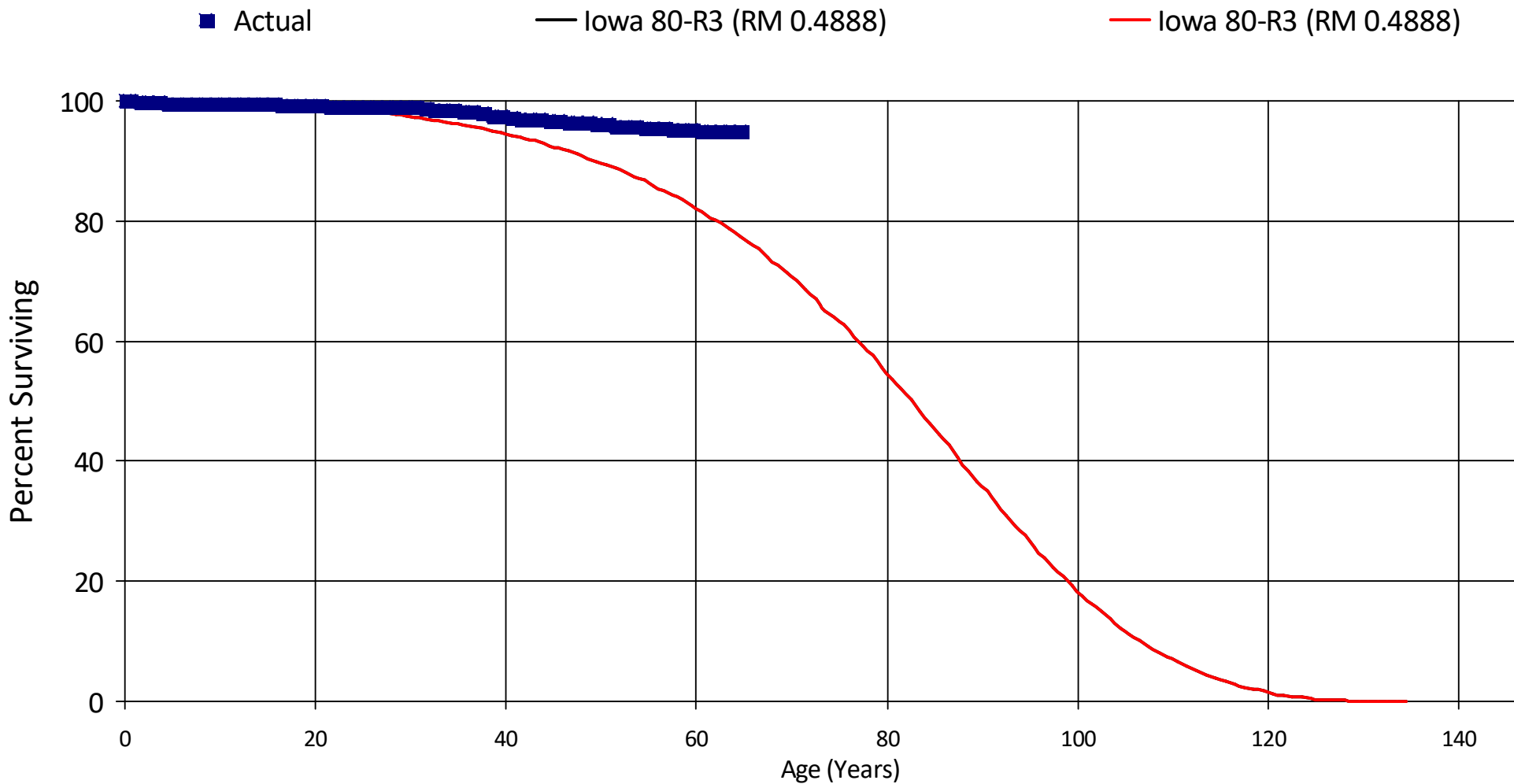
58.5	140,223	1,868	0.01332	0.98668	58.72
59.5	135,330	0	0.00000	1.00000	57.94
60.5	130,604	0	0.00000	1.00000	57.94
61.5	57,823	0	0.00000	1.00000	57.94
62.5	22,149	0	0.00000	1.00000	57.94
63.5	0	0	0.00000	0.00000	57.94
Totals:		3,020,833			

Enbridge Gaz Quebec

Account 475.00 - Gas Mains

Placement Band - 1949 - 2023 Experience Band - 1996 - 2023

Actual and Smooth Survivor Curves



Enbridge Gaz Quebec

Account 475.00 - Gas Mains

Placement Band - 1949 - 2023 Experience Band - 1996 - 2023

RETIREMENT RATE ANALYSIS

Age at Begin of Interval	Exposures at Beginning of Age Interval	Retirements During Age Interval	Retmt Ratio	Survivor Ratio	% Surviving
0	131,181,690	24,900	0.00019	0.99981	100.00
0.5	124,756,809	144,180	0.00116	0.99884	99.98
1.5	118,007,283	10,763	0.00009	0.99991	99.86
2.5	98,442,470	209,554	0.00213	0.99787	99.85
3.5	93,254,994	34,579	0.00037	0.99963	99.64
4.5	89,462,889	25,728	0.00029	0.99971	99.60
5.5	84,396,518	21,382	0.00025	0.99975	99.57
6.5	78,192,454	26,277	0.00034	0.99966	99.55
7.5	75,158,357	2,271	0.00003	0.99997	99.52
8.5	72,178,601	34	0.00000	1.00000	99.52
9.5	69,720,395	34,526	0.00050	0.99950	99.52
10.5	67,600,246	13,826	0.00020	0.99980	99.47
11.5	64,951,995	17,033	0.00026	0.99974	99.45
12.5	59,813,640	4,020	0.00007	0.99993	99.42
13.5	57,297,469	2,829	0.00005	0.99995	99.41
14.5	55,729,296	20,727	0.00037	0.99963	99.41
15.5	53,464,790	17,840	0.00033	0.99967	99.37
16.5	51,252,879	2,494	0.00005	0.99995	99.34
17.5	49,010,960	12,015	0.00025	0.99975	99.34
18.5	47,280,430	36,271	0.00077	0.99923	99.32
19.5	46,615,243	11,720	0.00025	0.99975	99.24
20.5	43,817,285	47,853	0.00109	0.99891	99.22
21.5	41,686,270	9,521	0.00023	0.99977	99.11
22.5	40,308,810	14,019	0.00035	0.99965	99.09
23.5	38,965,611	2,624	0.00007	0.99993	99.06
24.5	35,864,793	13,064	0.00036	0.99964	99.05
25.5	35,006,075	7,434	0.00021	0.99979	99.01
26.5	28,188,262	4,543	0.00016	0.99984	98.99

Enbridge Gaz Quebec

Account 475.00 - Gas Mains

Placement Band - 1949 - 2023 Experience Band - 1996 - 2023

27.5	27,104,628	1,334	0.00005	0.99995	98.97
28.5	19,299,654	9,153	0.00047	0.99953	98.97
29.5	17,881,503	11,148	0.00062	0.99938	98.92
30.5	16,658,570	18,159	0.00109	0.99891	98.86
31.5	15,152,238	34,320	0.00227	0.99773	98.75
32.5	13,894,715	15,577	0.00112	0.99888	98.53
33.5	12,430,726	1,113	0.00009	0.99991	98.42
34.5	12,049,608	25,775	0.00214	0.99786	98.41
35.5	11,480,036	6,111	0.00053	0.99947	98.20
36.5	11,097,570	28,803	0.00260	0.99740	98.15
37.5	10,665,863	50,974	0.00478	0.99522	97.89
38.5	9,868,480	3,510	0.00036	0.99964	97.42
39.5	8,219,319	14,568	0.00177	0.99823	97.38
40.5	7,435,311	11,423	0.00154	0.99846	97.21
41.5	6,476,317	3,534	0.00055	0.99945	97.06
42.5	6,236,601	832	0.00013	0.99987	97.01
43.5	6,150,269	22,978	0.00374	0.99626	97.00
44.5	6,024,938	3,855	0.00064	0.99936	96.64
45.5	5,944,294	9,137	0.00154	0.99846	96.58
46.5	5,871,511	2,882	0.00049	0.99951	96.43
47.5	5,767,228	2,711	0.00047	0.99953	96.38
48.5	5,580,117	4,258	0.00076	0.99924	96.33
49.5	5,301,138	4,462	0.00084	0.99916	96.26
50.5	4,936,929	20,309	0.00411	0.99589	96.18
51.5	4,327,532	3,319	0.00077	0.99923	95.78
52.5	4,279,362	3,540	0.00083	0.99917	95.71
53.5	4,219,030	4,064	0.00096	0.99904	95.63
54.5	4,181,938	7,757	0.00185	0.99815	95.54
55.5	4,117,827	785	0.00019	0.99981	95.36
56.5	4,051,663	7,811	0.00193	0.99807	95.34
57.5	3,967,860	1,277	0.00032	0.99968	95.16

Enbridge Gaz Quebec

Account 475.00 - Gas Mains

Placement Band - 1949 - 2023 Experience Band - 1996 - 2023

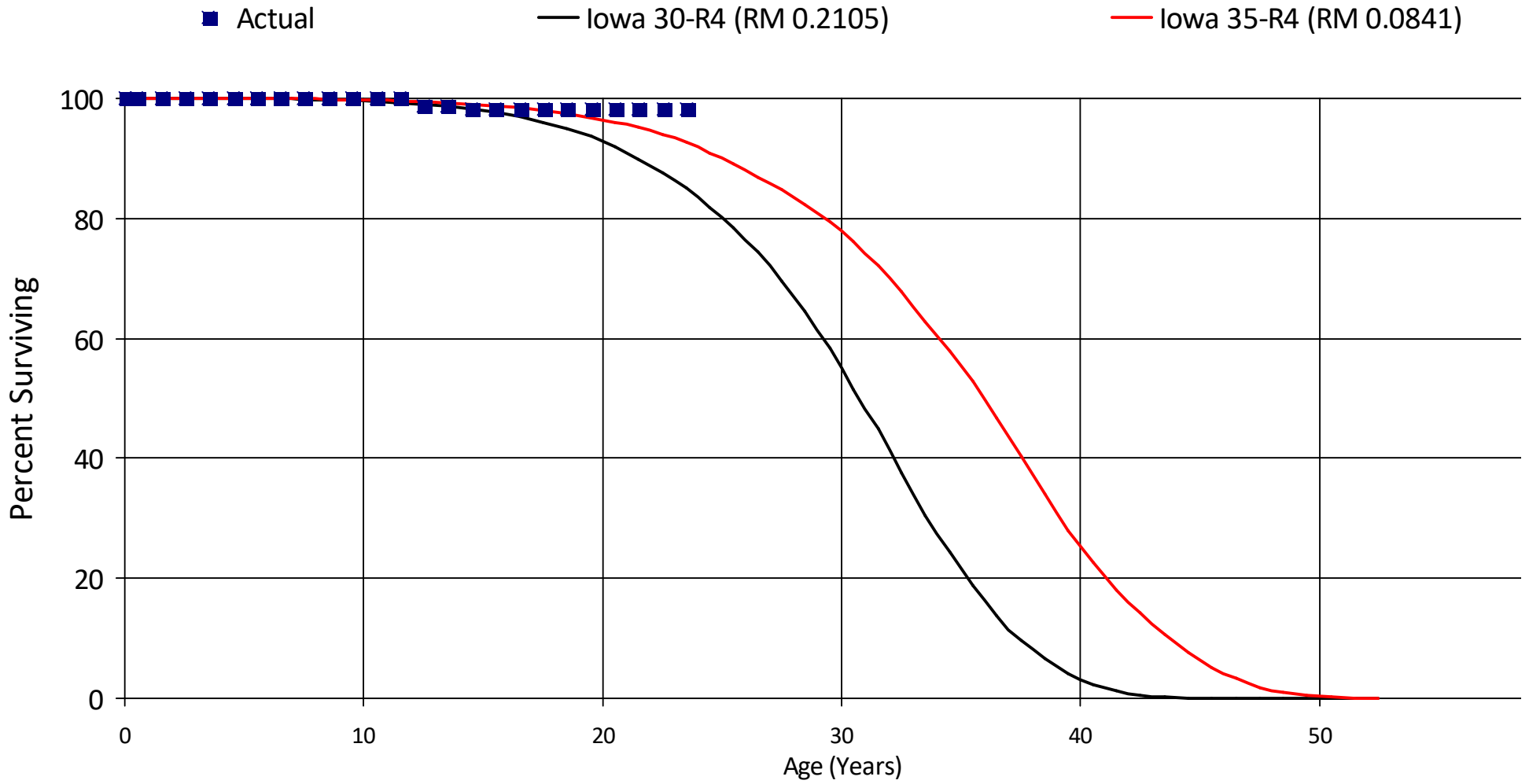
58.5	3,922,310	0	0.00000	1.00000	95.13
59.5	3,896,855	5,073	0.00130	0.99870	95.13
60.5	3,848,022	0	0.00000	1.00000	95.01
61.5	3,313,804	0	0.00000	1.00000	95.01
62.5	3,016,516	0	0.00000	1.00000	95.01
63.5	2,802,727	0	0.00000	1.00000	95.01
64.5	0	0	0.00000	0.00000	95.01
Totals:		1,112,579			

Enbridge Gaz Quebec

Account 477.00 - Regulating Equipment

Placement Band - 1949 - 2023 Experience Band - 2013 - 2023

Actual and Smooth Survivor Curves



Enbridge Gaz Quebec

Account 477.00 - Regulating Equipment

Placement Band - 1949 - 2023 Experience Band - 2013 - 2023

RETIREMENT RATE ANALYSIS

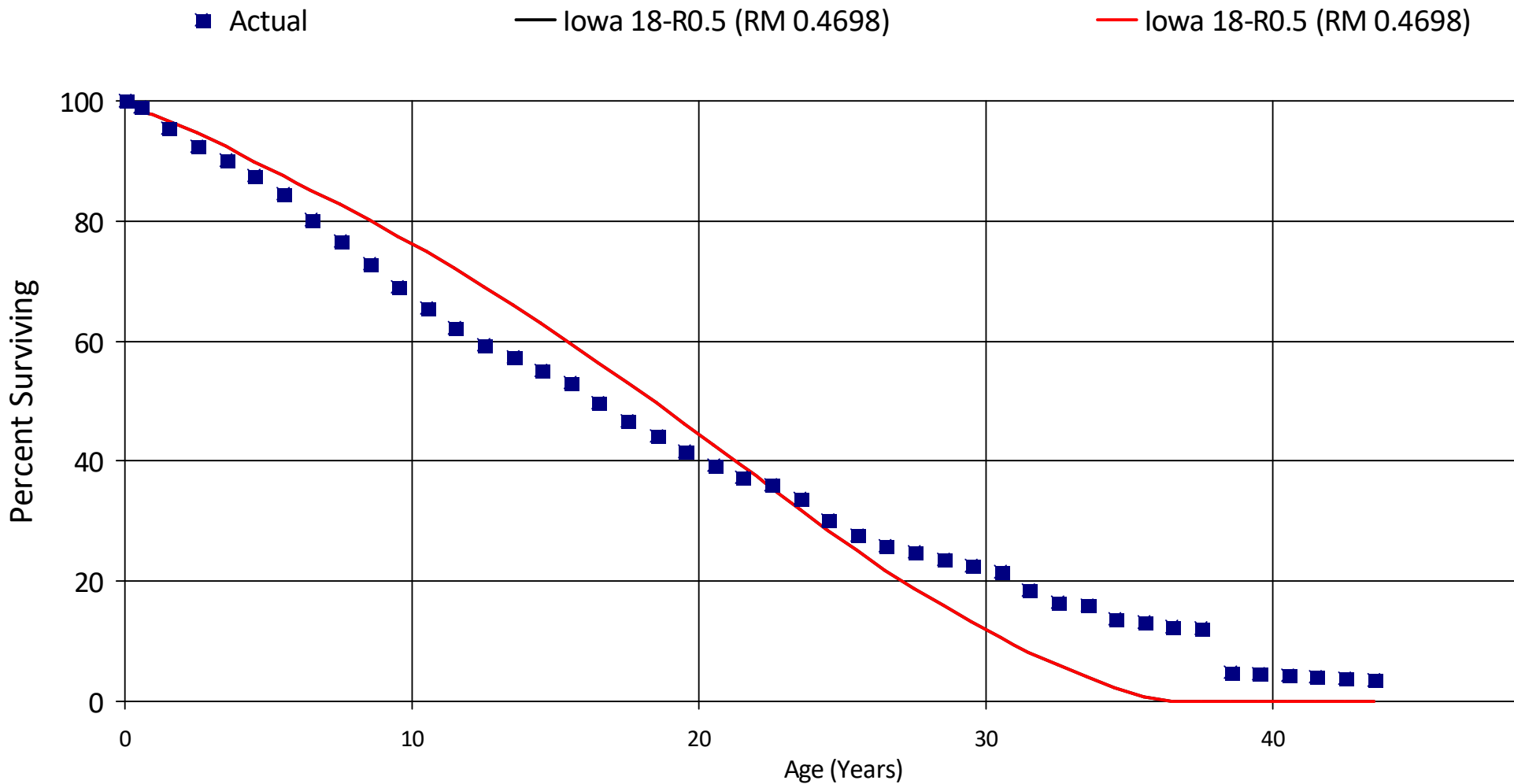
Age at Begin of Interval	Exposures at Beginning of Age Interval	Retirements During Age Interval	Retmt Ratio	Survivor Ratio	% Surviving
0	7,295,039	0	0.00000	1.00000	100.00
0.5	7,204,118	7,177	0.00100	0.99900	100.00
1.5	6,956,350	0	0.00000	1.00000	99.90
2.5	6,133,936	0	0.00000	1.00000	99.90
3.5	5,972,706	0	0.00000	1.00000	99.90
4.5	3,966,102	0	0.00000	1.00000	99.90
5.5	3,844,264	0	0.00000	1.00000	99.90
6.5	3,719,355	0	0.00000	1.00000	99.90
7.5	3,431,917	0	0.00000	1.00000	99.90
8.5	3,276,314	0	0.00000	1.00000	99.90
9.5	3,120,177	0	0.00000	1.00000	99.90
10.5	2,843,483	0	0.00000	1.00000	99.90
11.5	2,669,633	28,771	0.01078	0.98922	99.90
12.5	2,607,014	0	0.00000	1.00000	98.82
13.5	2,506,695	14,385	0.00574	0.99426	98.82
14.5	2,456,719	0	0.00000	1.00000	98.25
15.5	2,428,037	0	0.00000	1.00000	98.25
16.5	2,378,843	0	0.00000	1.00000	98.25
17.5	2,328,543	0	0.00000	1.00000	98.25
18.5	2,291,987	0	0.00000	1.00000	98.25
19.5	2,256,937	0	0.00000	1.00000	98.25
20.5	2,244,112	0	0.00000	1.00000	98.25
21.5	2,244,112	0	0.00000	1.00000	98.25
22.5	2,244,112	0	0.00000	1.00000	98.25
23.5	0	0	0.00000	0.00000	98.25
Totals:		50,333			

Enbridge Gaz Quebec

Account 478.00 - Meters

Placement Band - 1949 - 2023 Experience Band - 1996 - 2023

Actual and Smooth Survivor Curves



Enbridge Gaz Quebec

Account 478.00 - Meters

Placement Band - 1949 - 2023 Experience Band - 1996 - 2023

RETIREMENT RATE ANALYSIS

Age at Begin of Interval	Exposures at Beginning of Age Interval	Retirements During Age Interval	Retmt Ratio	Survivor Ratio	% Surviving
0	12,699,484	144,249	0.01136	0.98864	100.00
0.5	12,517,121	448,811	0.03586	0.96414	98.86
1.5	11,275,594	357,627	0.03172	0.96828	95.31
2.5	10,495,399	246,397	0.02348	0.97652	92.29
3.5	9,751,049	282,622	0.02898	0.97102	90.12
4.5	9,257,971	322,454	0.03483	0.96517	87.51
5.5	8,762,753	432,918	0.04940	0.95060	84.46
6.5	8,211,732	384,744	0.04685	0.95315	80.29
7.5	7,526,178	361,530	0.04804	0.95196	76.53
8.5	6,793,508	361,593	0.05323	0.94677	72.85
9.5	6,043,789	307,047	0.05080	0.94920	68.97
10.5	5,276,029	257,339	0.04878	0.95122	65.47
11.5	4,564,435	205,714	0.04507	0.95493	62.28
12.5	4,081,030	139,534	0.03419	0.96581	59.47
13.5	3,689,927	153,891	0.04171	0.95829	57.44
14.5	3,283,551	123,692	0.03767	0.96233	55.04
15.5	2,917,939	180,547	0.06187	0.93813	52.97
16.5	2,500,712	146,190	0.05846	0.94154	49.69
17.5	2,170,789	118,016	0.05437	0.94563	46.79
18.5	2,046,458	122,242	0.05973	0.94027	44.25
19.5	1,753,878	100,574	0.05734	0.94266	41.61
20.5	1,457,008	70,468	0.04836	0.95164	39.22
21.5	1,252,412	47,001	0.03753	0.96247	37.32
22.5	1,055,385	67,236	0.06371	0.93629	35.92
23.5	889,100	93,317	0.10496	0.89504	33.63
24.5	753,417	60,516	0.08032	0.91968	30.10
25.5	605,941	36,817	0.06076	0.93924	27.68
26.5	546,641	24,557	0.04492	0.95508	26.00

Enbridge Gaz Quebec

Account 478.00 - Meters

Placement Band - 1949 - 2023 Experience Band - 1996 - 2023

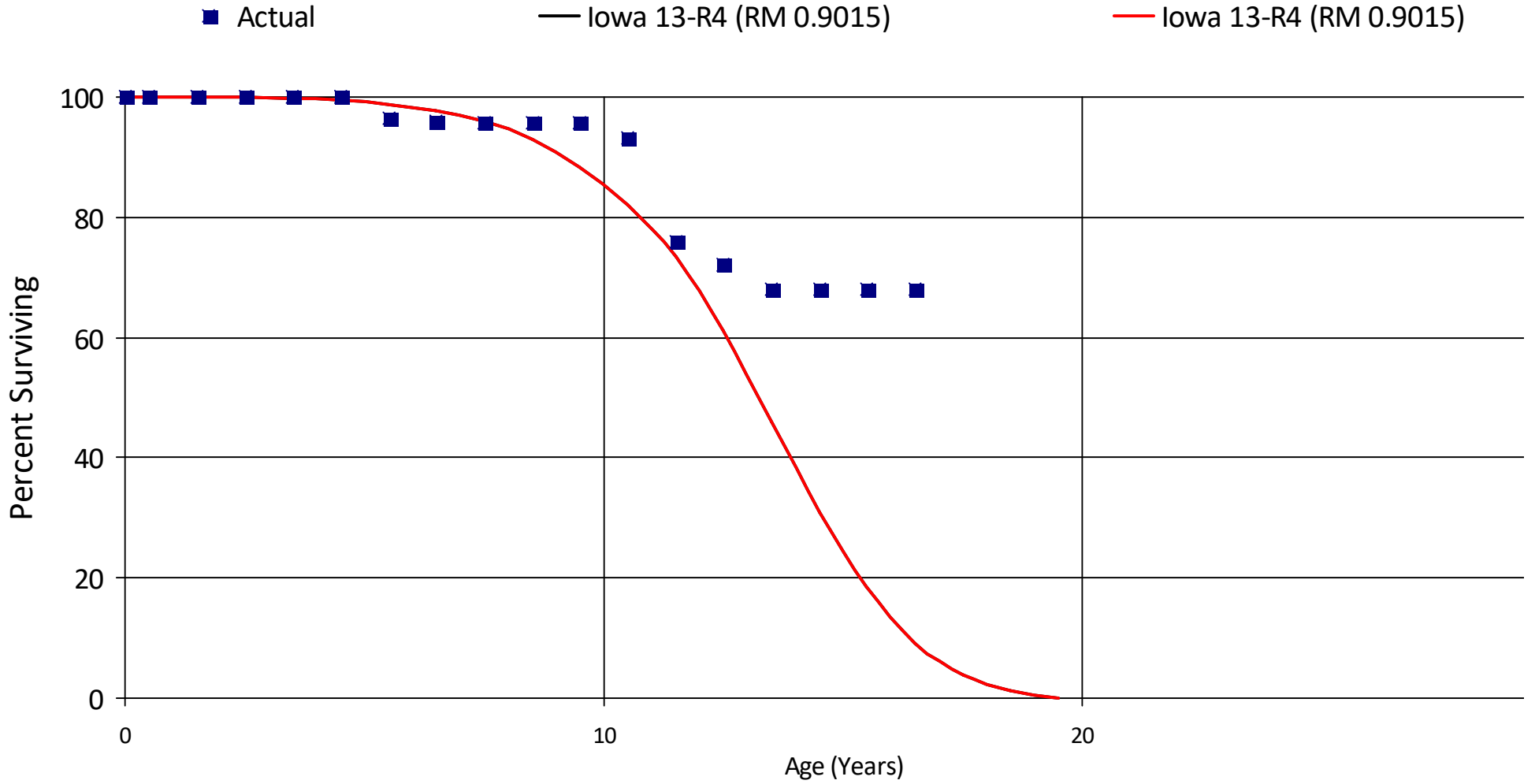
27.5	484,543	23,942	0.04941	0.95059	24.83
28.5	415,787	18,578	0.04468	0.95532	23.60
29.5	346,130	15,810	0.04568	0.95432	22.55
30.5	214,512	30,191	0.14074	0.85926	21.52
31.5	127,625	14,337	0.11234	0.88766	18.49
32.5	74,044	1,466	0.01980	0.98020	16.41
33.5	45,114	6,467	0.14335	0.85665	16.09
34.5	29,702	1,157	0.03895	0.96105	13.78
35.5	27,105	1,419	0.05235	0.94765	13.24
36.5	19,348	737	0.03809	0.96191	12.55
37.5	16,035	9,640	0.60117	0.39883	12.07
38.5	3,608	171	0.04739	0.95261	4.81
39.5	3,437	232	0.06749	0.93251	4.58
40.5	3,206	171	0.05334	0.94666	4.27
41.5	3,034	116	0.03823	0.96177	4.04
42.5	492	55	0.11175	0.88825	3.89
43.5	0	0	0.00000	0.00000	3.46
Totals:		5,722,132			

Enbridge Gaz Quebec

Account 484.00 - Vehicles and Work Equipment

Placement Band - 1949 - 2023 Experience Band - 1996 - 2023

Actual and Smooth Survivor Curves



Enbridge Gaz Quebec

Account 484.00 - Vehicles and Work Equipment

Placement Band - 1949 - 2023 Experience Band - 1996 - 2023

RETIREMENT RATE ANALYSIS

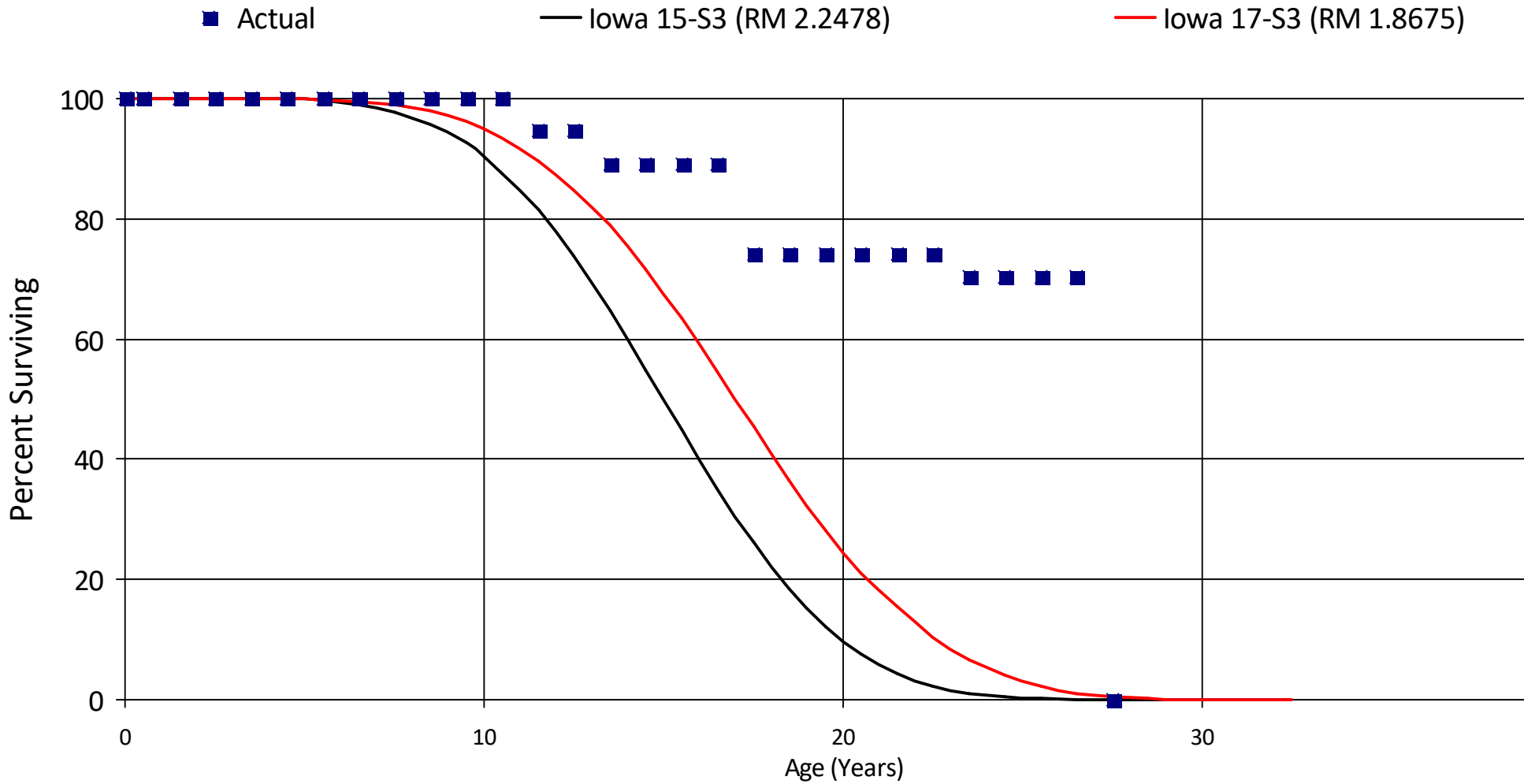
Age at Begin of Interval	Exposures at Beginning of Age Interval	Retirements During Age Interval	Retmt Ratio	Survivor Ratio	% Surviving
0	3,196,039	0	0.00000	1.00000	100.00
0.5	2,691,235	0	0.00000	1.00000	100.00
1.5	2,691,235	0	0.00000	1.00000	100.00
2.5	2,149,489	0	0.00000	1.00000	100.00
3.5	2,078,139	0	0.00000	1.00000	100.00
4.5	1,859,736	65,538	0.03524	0.96476	100.00
5.5	1,636,192	7,713	0.00471	0.99529	96.48
6.5	1,208,781	2,725	0.00225	0.99775	96.03
7.5	1,206,056	0	0.00000	1.00000	95.81
8.5	1,206,056	0	0.00000	1.00000	95.81
9.5	1,206,056	32,680	0.02710	0.97290	95.81
10.5	972,396	180,770	0.18590	0.81410	93.21
11.5	724,808	37,479	0.05171	0.94829	75.88
12.5	613,339	32,619	0.05318	0.94682	71.96
13.5	369,826	0	0.00000	1.00000	68.13
14.5	343,315	0	0.00000	1.00000	68.13
15.5	160,550	0	0.00000	1.00000	68.13
16.5	0	0	0.00000	0.00000	68.13
Totals:		359,524			

Enbridge Gaz Quebec

Account 485.00 - Heavy Work Equipment

Placement Band - 1949 - 2023 Experience Band - 2002 - 2023

Actual and Smooth Survivor Curves



Enbridge Gaz Quebec

Account 485.00 - Heavy Work Equipment

Placement Band - 1949 - 2023 Experience Band - 2002 - 2023

RETIREMENT RATE ANALYSIS

Age at Begin of Interval	Exposures at Beginning of Age Interval	Retirements During Age Interval	Retmt Ratio	Survivor Ratio	% Surviving
0	311,777	0	0.00000	1.00000	100.00
0.5	311,777	0	0.00000	1.00000	100.00
1.5	311,777	0	0.00000	1.00000	100.00
2.5	289,188	0	0.00000	1.00000	100.00
3.5	289,188	0	0.00000	1.00000	100.00
4.5	289,188	0	0.00000	1.00000	100.00
5.5	289,188	0	0.00000	1.00000	100.00
6.5	289,188	0	0.00000	1.00000	100.00
7.5	279,408	0	0.00000	1.00000	100.00
8.5	279,408	0	0.00000	1.00000	100.00
9.5	279,408	0	0.00000	1.00000	100.00
10.5	257,413	13,917	0.05406	0.94594	100.00
11.5	243,496	0	0.00000	1.00000	94.59
12.5	121,440	7,126	0.05868	0.94132	94.59
13.5	114,313	0	0.00000	1.00000	89.04
14.5	99,313	0	0.00000	1.00000	89.04
15.5	99,313	0	0.00000	1.00000	89.04
16.5	56,104	9,460	0.16862	0.83138	89.04
17.5	46,644	0	0.00000	1.00000	74.03
18.5	46,644	0	0.00000	1.00000	74.03
19.5	46,644	0	0.00000	1.00000	74.03
20.5	46,644	0	0.00000	1.00000	74.03
21.5	46,644	0	0.00000	1.00000	74.03
22.5	46,644	2,429	0.05207	0.94793	74.03
23.5	44,215	0	0.00000	1.00000	70.18
24.5	1,165	0	0.00000	1.00000	70.18
25.5	1,165	0	0.00000	1.00000	70.18
26.5	1,165	1,165	0.99963	0.00037	70.18

Enbridge Gaz Quebec

Account 485.00 - Heavy Work Equipment

Placement Band - 1949 - 2023 Experience Band - 2002 - 2023

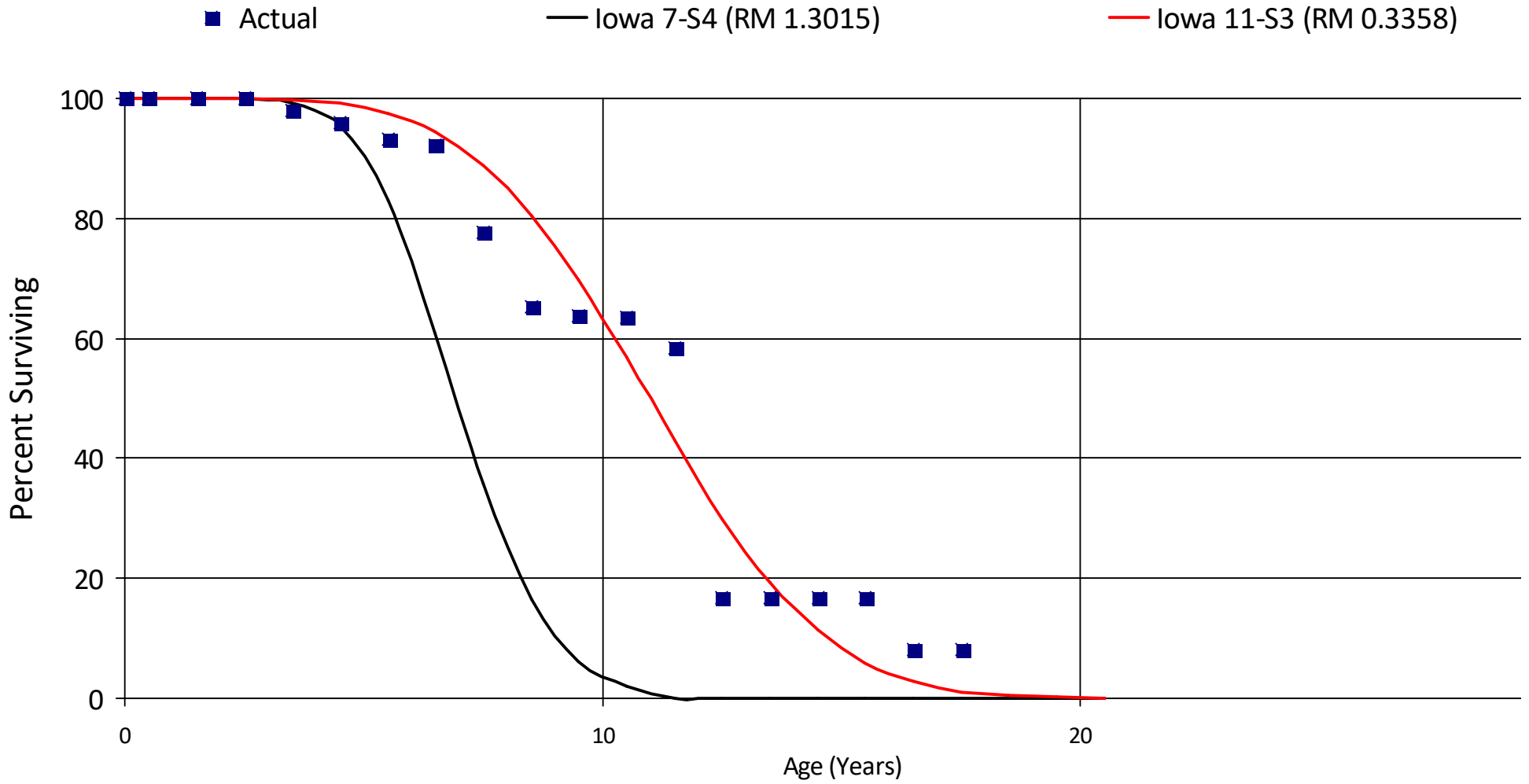
27.5	0	0	0.00000	0.00000	0.03
Totals:		34,097			

Enbridge Gaz Quebec

Account 488.00 - Communication Equipment

Placement Band - 1949 - 2023 Experience Band - 1996 - 2023

Actual and Smooth Survivor Curves



Enbridge Gaz Quebec

Account 488.00 - Communication Equipment

Placement Band - 1949 - 2023 Experience Band - 1996 - 2023

RETIREMENT RATE ANALYSIS

Age at Begin of Interval	Exposures at Beginning of Age Interval	Retirements During Age Interval	Retmt Ratio	Survivor Ratio	% Surviving
0	837,988	0	0.00000	1.00000	100.00
0.5	823,519	501	0.00061	0.99939	100.00
1.5	823,018	0	0.00000	1.00000	99.94
2.5	792,269	16,008	0.02021	0.97979	99.94
3.5	774,996	15,117	0.01951	0.98049	97.92
4.5	758,688	21,831	0.02877	0.97123	96.01
5.5	736,632	9,184	0.01247	0.98753	93.25
6.5	677,418	105,673	0.15599	0.84401	92.09
7.5	566,980	92,009	0.16228	0.83772	77.72
8.5	463,048	10,244	0.02212	0.97788	65.11
9.5	452,196	1,982	0.00438	0.99562	63.67
10.5	93,076	7,175	0.07709	0.92291	63.39
11.5	83,733	59,864	0.71494	0.28506	58.50
12.5	23,869	72	0.00302	0.99698	16.68
13.5	23,797	0	0.00000	1.00000	16.63
14.5	8,211	0	0.00000	1.00000	16.63
15.5	8,211	4,228	0.51491	0.48509	16.63
16.5	3,983	0	0.00000	1.00000	8.07
17.5	0	0	0.00000	0.00000	8.07
Totals:		343,888			



SECTION 7

7 NET SALVAGE STUDY

ENBRIDGE GAZ QUEBEC
ACCOUNT 473 - SERVICES
SUMMARY OF BOOK SALVAGE

Year	Regular Retirements	Cost of Removal Amount	Cost of Removal Percent	Gross Salvage Amount	Gross Salvage Percent	Net Salvage Amount	Net Salvage Percent	3-Year Amount	3-Year Percent	5-Year Amount	5-Year Percent	Historical Amount	Historical Percent
1996	82,789		0		0	0	0						0
1997	55,846		0		0	0	0						0
1998	91,068		0		0	0	0	0	0				0
1999	87,719		0		0	0	0	0	0				0
2000	91,665	82,489	90		0	-82,489	-90	-27,496	-31	-16,498	-20	-82,489	-20
2001	86,249	71,689	83		0	-71,689	-83	-51,393	-58	-30,836	-37	-77,089	-31
2002	143,611	109,895	77		0	-109,895	-77	-88,024	-82	-52,815	-53	-88,024	-41
2003	109,694	89,839	82		0	-89,839	-82	-90,474	-80	-70,782	-68	-88,478	-47
2004	172,348	145,420	84		0	-145,420	-84	-115,051	-81	-99,866	-83	-99,866	-54
2005	126,383	112,676	89		0	-112,676	-89	-115,978	-85	-105,904	-83	-102,001	-58
2006	147,452	129,382	88		0	-129,382	-88	-129,159	-87	-117,442	-84	-105,913	-62
2007	160,133	279,581	175		0	-279,581	-175	-173,880	-120	-151,380	-106	-127,621	-75
2008	127,402	168,777	132		0	-168,777	-132	-192,580	-133	-167,167	-114	-132,194	-80
2009	110,523	192,157	174		0	-192,157	-174	-213,505	-161	-176,515	-131	-138,191	-87
2010	71,250	156,634	220		0	-156,634	-220	-172,523	-167	-185,306	-150	-139,867	-92
2011	163,772	209,827	128		0	-209,827	-128	-186,206	-162	-201,395	-159	-145,697	-96
2012	139,657	383,519	275		0	-383,519	-275	-249,993	-200	-222,183	-181	-163,991	-108
2013	176,362	366,814	208		0	-366,814	-208	-320,053	-200	-261,790	-198	-178,479	-117
2014	138,629	423,692	306		0	-423,692	-306	-391,342	-258	-308,097	-223	-194,826	-128
2015	71,417	193,372	271		0	-193,372	-271	-327,959	-255	-315,445	-229	-194,735	-132
2016	131,886	674,087	511		0	-674,087	-511	-430,384	-378	-408,297	-310	-222,932	-152
2017	160,280	464,144	290		0	-464,144	-290	-443,868	-366	-424,422	-313	-236,333	-161
2018	251,371	420,451	167		0	-420,451	-167	-519,561	-287	-435,149	-289	-246,023	-161
2019	121,980	4,233,117	3,470		0	-4,233,117	-3,470	-1,705,904	-959	-1,197,034	-812	-445,378	-295
2020	1,346	514,589	38,237		0	-514,589	-38,237	-1,722,719	-1,379	-1,261,278	-946	-448,674	-312
2021		123,288	0		0	-123,288	0	-1,623,664	-3,950	-1,151,118	-1,076	-433,884	-316
2022		51,320	0		0	-51,320	0	-229,732	-51,211	-1,068,553	-1,426	-417,250	-318
2023		2,068,126	0		0	-2,068,126	0	-747,578	0	-1,398,088	-5,668	-486,037	-386
TOTAL	3,020,835	11,664,885	386	0		-11,664,885	- 386						

ENBRIDGE GAZ QUEBEC
ACCOUNT 475 - MAINS
SUMMARY OF BOOK SALVAGE

Year	Regular Retirements	Cost of Removal Amount	Cost of Removal Percent	Gross Salvage Amount	Gross Salvage Percent	Net Salvage Amount	Net Salvage Percent	3-Year Amount	3-Year Percent	5-Year Amount	5-Year Percent	Historical Amount	Historical Percent
1996	2,942		0		0	0	0						0
1997	28,209		0		0	0	0						0
1998	25,991		0		0	0	0	0	0				0
1999	1,000		0		0	0	0	0	0				0
2000	73,950	18,203	25		0	-18,203	-25	-6,068	-18	-3,641	-14	-18,203	-14
2001	76,773	8,244	11		0	-8,244	-11	-8,816	-17	-5,289	-13	-13,224	-13
2002	226	8,947	3,964		0	-8,947	-3,964	-11,798	-23	-7,079	-20	-11,798	-17
2003	29,480	14,219	48		0	-14,219	-48	-10,470	-29	-9,923	-27	-12,403	-21
2004	62,962	22,878	36		0	-22,878	-36	-15,348	-50	-14,498	-30	-14,498	-24
2005	26,135	9,332	36		0	-9,332	-36	-15,476	-39	-12,724	-33	-13,637	-25
2006	45,213	55,424	123		0	-55,424	-123	-29,211	-65	-22,160	-68	-19,607	-37
2007	7,610	44,588	586		0	-44,588	-586	-36,448	-138	-29,288	-85	-22,729	-48
2008	93,268	79,622	85		0	-79,622	-85	-59,878	-123	-42,369	-90	-29,051	-55
2009	30,147	104,499	347		0	-104,499	-347	-76,236	-175	-58,693	-145	-36,596	-73
2010	16,650	67,651	406		0	-67,651	-406	-83,924	-180	-70,357	-182	-39,419	-83
2011	29,031	79,962	275		0	-79,962	-275	-84,037	-332	-75,264	-213	-42,797	-93
2012	16,508	70,333	426		0	-70,333	-426	-72,649	-350	-80,413	-217	-44,916	-103
2013	50,985	61,381	120		0	-61,381	-120	-70,559	-219	-76,765	-268	-46,092	-105
2014	143,215	52,884	37		0	-52,884	-37	-61,533	-88	-66,442	-130	-46,544	-92
2015	249,579	44,582	18		0	-44,582	-18	-52,949	-36	-61,828	-63	-46,422	-74
2016	50,856	144,634	284		0	-144,634	-284	-80,700	-55	-74,763	-73	-52,199	-84
2017	16,229	209,500	1,291		0	-209,500	-1,291	-132,905	-126	-102,596	-100	-60,938	-102
2018	14,615	88,565	606		0	-88,565	-606	-147,566	-542	-108,033	-114	-62,392	-109
2019	12,040	1,100,433	9,140		0	-1,100,433	-9,140	-466,166	-3,261	-317,543	-462	-114,294	-207
2020	8,965	115,544	1,289		0	-115,544	-1,289	-434,847	-3,662	-331,735	-1,615	-114,354	-216
2021		666	0		0	-666	0	-405,548	-5,792	-302,942	-2,921	-109,186	-216
2022		4,308	0		0	-4,308	0	-40,173	-1,344	-261,903	-3,676	-104,626	-216
2023		333,877	0		0	-333,877	0	-112,951	0	-310,966	-7,402	-114,178	-246
TOTAL	1,112,578	2,740,277	246	0		-2,740,277	-	246					

ENBRIDGE GAZ QUEBEC
ACCOUNT 477 - REGULATING EQUIPMENT
SUMMARY OF BOOK SALVAGE

Year	Regular Retirements	Cost of Removal Amount	Cost of Removal Percent	Gross Salvage Amount	Gross Salvage Percent	Net Salvage Amount	Net Salvage Percent	3-Year Amount	3-Year Percent	5-Year Amount	5-Year Percent	Historical Amount	Historical Percent
2012		636	0		0	-636	0					-636	0
2013	28,771	2,263	8		0	-2,263	-8					-1,450	-10
2014		9,046	0		0	-9,046	0	-3,982	-42			-3,982	-42
2015	14,385		0		0	0	0	-3,770	-26			-3,982	-28
2016		228	0		0	-228	0	-3,091	-64			-3,043	-28
2017			0		0	0	0	-76	-2	-2,307	-27	-3,043	-28
2018	7,177		0		0	0	0	-76	-3	-1,855	-43	-3,043	-24
2019		10,616	0		0	-10,616	0	-3,539	-148	-2,169	-50	-4,558	-45
2020			0		0	0	0	-3,539	-148	-2,169	-151	-4,558	-45
2021			0		0	0	0	-3,539	0	-2,123	-148	-4,558	-45
2022			0		0	0	0	0	0	-2,123	-148	-4,558	-45
2023		3,664	0		0	-3,664	0	-1,221	0	-2,856	0	-4,409	-53
TOTAL	50,333	26,452	53	0		-26,452	-	53					

ENBRIDGE GAZ QUEBEC
ACCOUNT 484 - TRANSPORTATION EQUIPMENT
SUMMARY OF BOOK SALVAGE

Year	Regular Retirements	Cost of Removal Amount	Cost of Removal Percent	Gross Salvage Amount	Gross Salvage Percent	Net Salvage Amount	Net Salvage Percent	3-Year Amount	3-Year Percent	5-Year Amount	5-Year Percent	Historical Amount	Historical Percent
2019	70,098		0	-4,855	-7	4,855	7					4,855	7
2020			0		0	0	0					4,855	7
2021			0		0	0	0	1,618	7			4,855	7
2022			0		0	0	0	0	0			4,855	7
2023			0		0	0	0	0	0	971	7	4,855	7
TOTAL	70,098	-	-	-4,855		4,855	7						



SECTION 8

8 DETAILED DEPRECIATION CALCULATIONS

Enbridge Gaz Quebec

Account #: 473.00 - Services

CALCULATED ANNUAL ACCRUAL AND ACCRUED DEPRECIATION

BASED ON ORIGINAL COST AS OF December 31, 2023

ELG - Remaining Life v5.17

Survivor Curve: R3

ASL: 53

Net Salvage: -125%

Truncation Year:

Year	Original Cost	Calculated Accumulated Depreciation	Allocated Actual Booked Amount	Accumulated Depreciation Factor	Net Book Value	ELG Remaining Life	Annual Accrual	Average Age
1960	22,149.05	45,304	34,882	0.6999	14,954	6.35	2,355	63.5
1961	35,673.98	72,567	55,873	0.6961	24,394	6.63	3,679	62.5
1962	72,781.35	147,193	113,330	0.6921	50,428	6.92	7,286	61.5
1963	4,725.52	9,498	7,313	0.6878	3,319	7.22	460	60.5
1964	3,025.02	6,041	4,651	0.6834	2,155	7.54	286	59.5
1965	14,037.63	27,842	21,437	0.6787	10,148	7.86	1,290	58.5
1966	5,169.34	10,178	7,837	0.6738	3,794	8.21	462	57.5
1967	10,489.11	20,495	15,780	0.6686	7,820	8.56	913	56.5
1968	8,631.90	16,730	12,881	0.6632	6,541	8.93	732	55.5
1969	19,759.95	37,969	29,234	0.6575	15,226	9.32	1,634	54.5
1970	1,118.98	2,131	1,641	0.6516	877	9.72	90	53.5
1971	53,957.69	101,764	78,353	0.6454	43,052	10.13	4,249	52.5
1972	75,738.45	141,406	108,875	0.6389	61,537	10.56	5,825	51.5
1973	117,702.98	217,426	167,406	0.6321	97,425	11.01	8,848	50.5
1974	125,058.37	228,438	175,885	0.6251	105,497	11.47	9,196	49.5
1975	109,318.86	197,347	151,947	0.6178	94,021	11.95	7,869	48.5
1976	60,946.78	108,670	83,670	0.6102	53,460	12.44	4,297	47.5
1977	59,002.55	103,846	79,956	0.6023	52,800	12.95	4,079	46.5
1978	105,004.63	182,311	140,370	0.5941	95,891	13.46	7,122	45.5
1979	122,719.92	210,052	161,729	0.5857	114,391	14.00	8,173	44.5
1980	180,095.67	303,691	233,825	0.5770	171,390	14.54	11,786	43.5
1981	249,205.32	413,718	318,540	0.5681	242,172	15.10	16,038	42.5
1982	419,354.79	684,925	527,355	0.5589	416,193	15.67	26,560	41.5
1983	412,492.71	662,337	509,963	0.5495	418,145	16.25	25,730	40.5
1984	595,792.49	939,799	723,594	0.5398	616,939	16.84	36,629	39.5

Enbridge Gaz Quebec

Account #: 473.00 - Services

CALCULATED ANNUAL ACCRUAL AND ACCRUED DEPRECIATION

BASED ON ORIGINAL COST AS OF December 31, 2023

ELG - Remaining Life v5.17

Survivor Curve: R3

ASL: 53

Net Salvage: -125%

Truncation Year:

Year	Original Cost	Calculated Accumulated Depreciation	Allocated Actual Booked Amount	Accumulated Depreciation Factor	Net Book Value	ELG Remaining Life	Annual Accrual	Average Age
1985	377,727.12	584,872	450,319	0.5299	399,567	17.44	22,904	38.5
1986	309,346.73	469,811	361,728	0.5197	334,302	18.06	18,514	37.5
1987	299,924.12	446,398	343,702	0.5093	331,127	18.68	17,728	36.5
1988	458,704.18	668,498	514,707	0.4987	517,377	19.31	26,796	35.5
1989	593,399.79	846,005	651,378	0.4879	683,772	19.95	34,279	34.5
1990	1,202,211.25	1,675,141	1,289,767	0.4768	1,415,209	20.59	68,716	33.5
1991	1,462,139.78	1,989,166	1,531,549	0.4655	1,758,266	21.25	82,739	32.5
1992	1,535,849.81	2,037,913	1,569,081	0.4541	1,886,581	21.91	86,090	31.5
1993	1,698,177.50	2,195,290	1,690,253	0.4424	2,130,646	22.59	94,338	30.5
1994	1,378,674.73	1,734,327	1,335,337	0.4305	1,766,681	23.26	75,942	29.5
1995	1,372,882.37	1,678,492	1,292,347	0.4184	1,796,638	23.95	75,018	28.5
1996	1,599,986.89	1,898,628	1,461,839	0.4061	2,138,131	24.64	86,766	27.5
1997	1,865,871.11	2,145,968	1,652,278	0.3936	2,545,932	25.34	100,461	26.5
1998	1,650,792.24	1,837,312	1,414,630	0.3809	2,299,653	26.05	88,277	25.5
1999	2,103,590.80	2,261,976	1,741,598	0.3680	2,991,482	26.77	111,768	24.5
2000	1,531,383.89	1,588,102	1,222,751	0.3549	2,222,862	27.49	80,871	23.5
2001	1,596,897.12	1,594,069	1,227,346	0.3416	2,365,673	28.21	83,845	22.5
2002	1,860,022.89	1,783,532	1,373,222	0.3281	2,811,829	28.95	97,128	21.5
2003	2,358,806.59	2,167,717	1,669,024	0.3145	3,638,291	29.69	122,538	20.5
2004	559,365.21	491,445	378,386	0.3006	880,186	30.44	28,917	19.5
2005	1,694,399.76	1,419,311	1,092,792	0.2866	2,719,607	31.19	87,187	18.5
2006	1,876,707.42	1,494,262	1,150,500	0.2725	3,072,092	31.95	96,145	17.5
2007	2,149,903.23	1,621,628	1,248,565	0.2581	3,588,717	32.72	109,683	16.5
2008	1,811,598.59	1,289,616	992,934	0.2436	3,083,163	33.49	92,060	15.5
2009	1,911,222.80	1,278,582	984,438	0.2289	3,315,813	34.27	96,762	14.5
2010	1,959,750.69	1,226,124	944,049	0.2141	3,465,390	35.05	98,872	13.5

Enbridge Gaz Quebec

Account #: 473.00 - Services

CALCULATED ANNUAL ACCRUAL AND ACCRUED DEPRECIATION

BASED ON ORIGINAL COST AS OF December 31, 2023

ELG - Remaining Life v5.17

Survivor Curve: R3

ASL: 53

Net Salvage: -125%

Truncation Year:

Year	Original Cost	Calculated Accumulated Depreciation	Allocated Actual Booked Amount	Accumulated Depreciation Factor	Net Book Value	ELG Remaining Life	Annual Accrual	Average Age
2011	1,847,868.00	1,075,235	827,872	0.1991	3,329,831	35.83	92,922	12.5
2012	2,250,438.76	1,210,006	931,638	0.1840	4,131,849	36.62	112,819	11.5
2013	2,094,135.53	1,032,526	794,988	0.1687	3,916,817	37.42	104,684	10.5
2014	2,937,474.89	1,316,080	1,013,309	0.1533	5,596,009	38.21	146,459	9.5
2015	2,791,868.20	1,124,033	865,444	0.1378	5,416,260	39.00	138,869	8.5
2016	2,914,633.32	1,039,939	800,696	0.1221	5,757,229	39.80	144,670	7.5
2017	3,966,072.95	1,231,911	948,504	0.1063	7,975,160	40.58	196,508	6.5
2018	3,311,603.29	874,437	673,269	0.0904	6,777,839	41.37	163,852	5.5
2019	3,693,776.99	801,984	617,484	0.0743	7,693,514	42.13	182,598	4.5
2020	3,676,208.41	624,211	480,609	0.0581	7,790,860	42.88	181,695	3.5
2021	5,978,032.11	729,716	561,841	0.0418	12,888,731	43.58	295,738	2.5
2022	4,476,165.97	330,608	254,550	0.0253	9,816,823	44.19	222,126	1.5
2023	3,285,395.26	82,076	63,194	0.0085	7,328,946	44.53	164,575	0.5
TOTAL	83,326,963.33	54,788,626	42,184,245		145,301,423		4,327,447	

COMPOSITE ANNUAL ACCRUAL RATE 5.19%

COMPOSITE ACTUAL ACCUMULATED DEPRECIATION FACTOR 0.51

COMPOSITE AVERAGE AGE (YEARS) 15.01

DIRECTED WEIGHTED ELG COMPOSITE REMAINING LIFE (YEARS) 34.14

Enbridge Gaz Quebec

Account #: 475.00 - Mains

CALCULATED ANNUAL ACCRUAL AND ACCRUED DEPRECIATION BASED ON ORIGINAL COST AS OF December 31, 2023

ELG - Remaining Life v5.17
Survivor Curve: R3
ASL: 80
Net Salvage: -90%
Truncation Year:

Year	Original Cost	Calculated Accumulated Depreciation	Allocated Actual Booked Amount	Accumulated Depreciation Factor	Net Book Value	ELG Remaining Life	Annual Accrual	Average Age
1959	2,802,726.51	3,943,652	3,374,561	0.6337	1,950,619	22.60	86,328	64.5
1960	213,789.00	297,640	254,689	0.6270	151,510	23.16	6,542	63.5
1961	297,288.57	409,393	350,315	0.6202	214,533	23.73	9,040	62.5
1962	534,217.56	727,435	622,462	0.6133	392,551	24.31	16,146	61.5
1963	43,760.87	58,902	50,402	0.6062	32,743	24.90	1,315	60.5
1964	25,454.94	33,857	28,971	0.5990	19,393	25.50	761	59.5
1965	44,273.47	58,170	49,776	0.5917	34,343	26.10	1,316	58.5
1966	75,992.47	98,596	84,368	0.5843	60,018	26.70	2,248	57.5
1967	65,378.35	83,732	71,649	0.5768	52,569	27.32	1,924	56.5
1968	56,354.02	71,220	60,942	0.5692	46,130	27.94	1,651	55.5
1969	33,027.20	41,172	35,231	0.5614	27,521	28.57	963	54.5
1970	56,792.14	69,807	59,734	0.5536	48,171	29.20	1,650	53.5
1971	44,850.85	54,336	46,495	0.5456	38,721	29.84	1,298	52.5
1972	589,087.55	703,122	601,658	0.5375	517,609	30.48	16,982	51.5
1973	359,747.94	422,862	361,841	0.5294	321,680	31.13	10,334	50.5
1974	274,721.54	317,869	271,999	0.5211	249,972	31.78	7,865	49.5
1975	184,399.04	209,927	179,634	0.5127	170,725	32.44	5,262	48.5
1976	101,401.76	113,530	97,147	0.5042	95,517	33.11	2,885	47.5
1977	63,646.18	70,045	59,937	0.4956	60,990	33.78	1,806	46.5
1978	76,788.65	83,028	71,046	0.4870	74,852	34.45	2,173	45.5
1979	102,353.65	108,672	92,990	0.4782	101,482	35.13	2,888	44.5
1980	85,500.57	89,091	76,235	0.4693	86,216	35.82	2,407	43.5
1981	236,181.08	241,387	206,554	0.4603	242,190	36.51	6,634	42.5
1982	947,570.62	949,342	812,347	0.4512	988,038	37.20	26,558	41.5
1983	769,441.03	755,184	646,206	0.4420	815,732	37.90	21,522	40.5
1984	1,645,650.71	1,581,248	1,353,065	0.4327	1,773,672	38.61	45,942	39.5

Enbridge Gaz Quebec

Account #: 475.00 - Mains

CALCULATED ANNUAL ACCRUAL AND ACCRUED DEPRECIATION BASED ON ORIGINAL COST AS OF December 31, 2023

ELG - Remaining Life v5.17
Survivor Curve: R3
ASL: 80
Net Salvage: -90%
Truncation Year:

Year	Original Cost	Calculated Accumulated Depreciation	Allocated Actual Booked Amount	Accumulated Depreciation Factor	Net Book Value	ELG Remaining Life	Annual Accrual	Average Age
1985	746,408.87	701,664	600,410	0.4234	817,767	39.31	20,801	38.5
1986	402,903.48	370,277	316,844	0.4139	448,672	40.03	11,209	37.5
1987	376,355.56	337,883	289,124	0.4043	425,951	40.75	10,454	36.5
1988	543,797.12	476,544	407,776	0.3947	625,438	41.47	15,082	35.5
1989	380,005.18	324,783	277,915	0.3849	444,095	42.20	10,525	34.5
1990	1,448,412.99	1,206,274	1,032,202	0.3751	1,719,783	42.93	40,063	33.5
1991	1,223,203.21	991,724	848,613	0.3651	1,475,473	43.66	33,792	32.5
1992	1,488,172.38	1,173,429	1,004,096	0.3551	1,823,431	44.40	41,065	31.5
1993	1,211,785.17	928,296	794,337	0.3450	1,508,054	45.15	33,403	30.5
1994	1,408,997.45	1,047,461	896,307	0.3348	1,780,789	45.90	38,801	29.5
1995	7,803,640.13	5,623,023	4,811,590	0.3245	10,015,327	46.65	214,693	28.5
1996	1,079,090.28	752,706	644,086	0.3141	1,406,186	47.41	29,662	27.5
1997	6,810,379.34	4,592,441	3,929,726	0.3037	9,009,995	48.17	187,058	26.5
1998	845,653.78	550,464	471,029	0.2932	1,135,713	48.93	23,210	25.5
1999	3,098,194.06	1,943,659	1,663,178	0.2825	4,223,390	49.70	84,976	24.5
2000	1,329,180.19	802,293	686,517	0.2718	1,838,925	50.47	36,434	23.5
2001	1,367,938.56	792,964	678,535	0.2611	1,920,548	51.25	37,476	22.5
2002	2,083,162.49	1,157,365	990,351	0.2502	2,967,658	52.03	57,041	21.5
2003	2,786,238.06	1,480,361	1,266,737	0.2393	4,027,115	52.81	76,258	20.5
2004	628,915.84	318,787	272,784	0.2283	922,156	53.59	17,206	19.5
2005	1,718,515.46	828,836	709,230	0.2172	2,555,949	54.38	47,001	18.5
2006	2,239,424.66	1,024,647	876,785	0.2061	3,378,122	55.17	61,231	17.5
2007	2,194,070.42	949,248	812,266	0.1948	3,356,468	55.96	59,978	16.5
2008	2,243,779.32	914,537	782,564	0.1836	3,480,617	56.75	61,328	15.5
2009	1,565,343.84	598,568	512,191	0.1722	2,461,962	57.55	42,781	14.5
2010	2,512,150.07	896,929	767,497	0.1608	4,005,588	58.34	68,658	13.5

Enbridge Gaz Quebec

Account #: 475.00 - Mains

CALCULATED ANNUAL ACCRUAL AND ACCRUED DEPRECIATION BASED ON ORIGINAL COST AS OF December 31, 2023

ELG - Remaining Life v5.17
Survivor Curve: R3
ASL: 80
Net Salvage: -90%
Truncation Year:

Year	Original Cost	Calculated Accumulated Depreciation	Allocated Actual Booked Amount	Accumulated Depreciation Factor	Net Book Value	ELG Remaining Life	Annual Accrual	Average Age
2011	5,121,321.77	1,697,914	1,452,896	0.1493	8,277,616	59.14	139,976	12.5
2012	2,634,425.07	805,875	689,583	0.1378	4,315,825	59.93	72,017	11.5
2013	2,085,623.47	584,240	499,931	0.1262	3,462,754	60.72	57,030	10.5
2014	2,458,171.67	624,894	534,718	0.1145	4,135,808	61.50	67,245	9.5
2015	2,977,484.48	679,324	581,294	0.1028	5,075,927	62.29	81,494	8.5
2016	3,007,820.49	607,461	519,801	0.0910	5,195,058	63.06	82,385	7.5
2017	6,182,682.01	1,085,858	929,162	0.0791	10,817,934	63.82	169,510	6.5
2018	5,040,642.58	751,817	643,326	0.0672	8,933,895	64.56	138,374	5.5
2019	3,757,526.26	460,378	393,942	0.0552	6,745,357	65.28	103,324	4.5
2020	4,977,921.96	476,554	407,785	0.0431	9,050,267	65.96	137,201	3.5
2021	19,554,050.16	1,344,668	1,150,625	0.0310	36,002,070	66.57	540,782	2.5
2022	6,605,346.06	274,628	234,998	0.0187	12,315,160	67.05	183,677	1.5
2023	6,399,981.31	89,927	76,950	0.0063	12,083,014	67.11	180,048	0.5
TOTAL	130,069,111.47	51,861,924	44,377,957		202,753,355		3,597,689	

COMPOSITE ANNUAL ACCRUAL RATE	2.77%
COMPOSITE ACTUAL ACCUMULATED DEPRECIATION FACTOR	0.34
COMPOSITE AVERAGE AGE (YEARS)	15.89
DIRECTED WEIGHTED ELG COMPOSITE REMAINING LIFE (YEARS)	56.48

Enbridge Gaz Quebec

Account #: 477.00 - Regulating Equipment

CALCULATED ANNUAL ACCRUAL AND ACCRUED DEPRECIATION

BASED ON ORIGINAL COST AS OF December 31, 2023

ELG - Remaining Life v5.17

Survivor Curve: R4

ASL: 35

Net Salvage: -15%

Truncation Year:

Year	Original Cost	Calculated Accumulated Depreciation	Allocated Actual Booked Amount	Accumulated Depreciation Factor	Net Book Value	ELG Remaining Life	Annual Accrual	Average Age
2000	2,244,112.23	1,718,537	1,870,333	0.7247	710,396	11.79	60,254	23.5
2003	12,825.12	8,750	9,523	0.6457	5,226	14.05	372	20.5
2004	35,049.55	22,882	24,904	0.6178	15,403	14.85	1,037	19.5
2005	36,556.25	22,766	24,776	0.5894	17,263	15.66	1,102	18.5
2006	50,299.66	29,777	32,408	0.5603	25,437	16.49	1,542	17.5
2007	49,194.30	27,580	30,016	0.5306	26,557	17.35	1,531	16.5
2008	28,681.93	15,165	16,505	0.5004	16,479	18.21	905	15.5
2009	35,591.08	17,666	19,227	0.4697	21,703	19.09	1,137	14.5
2010	100,318.85	46,504	50,612	0.4387	64,755	19.99	3,239	13.5
2011	33,848.08	14,568	15,855	0.4073	23,071	20.90	1,104	12.5
2012	173,850.05	69,000	75,095	0.3756	124,833	21.82	5,721	11.5
2013	276,693.46	100,475	109,350	0.3437	208,848	22.75	9,179	10.5
2014	156,137.83	51,389	55,928	0.3115	123,631	23.69	5,218	9.5
2015	155,602.32	45,892	49,945	0.2791	128,997	24.64	5,235	8.5
2016	287,438.56	74,899	81,515	0.2466	249,040	25.60	9,728	7.5
2017	124,908.59	28,240	30,735	0.2140	112,910	26.56	4,251	6.5
2018	121,837.90	23,331	25,392	0.1812	114,721	27.53	4,167	5.5
2019	2,006,604.13	314,664	342,458	0.1484	1,965,137	28.50	68,950	4.5
2020	161,230.22	19,680	21,419	0.1155	163,996	29.47	5,564	3.5
2021	822,413.51	71,758	78,096	0.0826	867,680	30.45	28,495	2.5
2022	240,591.07	12,605	13,719	0.0496	262,961	31.42	8,368	1.5
2023	90,921.35	1,590	1,730	0.0165	102,830	32.39	3,175	0.5

Enbridge Gaz Quebec

Account #: 477.00 - Regulating Equipment

CALCULATED ANNUAL ACCRUAL AND ACCRUED DEPRECIATION
 BASED ON ORIGINAL COST AS OF December 31, 2023

ELG - Remaining Life v5.17
 Survivor Curve: R4
 ASL: 35
 Net Salvage: -15%
 Truncation Year:

Year	Original Cost	Calculated Accumulated Depreciation	Allocated Actual Booked Amount	Accumulated Depreciation Factor	Net Book Value	ELG Remaining Life	Annual Accrual	Average Age
TOTAL	7,244,706.04	2,737,720	2,979,538		5,351,874		230,274	
COMPOSITE ANNUAL ACCRUAL RATE				3.18%				
COMPOSITE ACTUAL ACCUMULATED DEPRECIATION FACTOR				0.41				
COMPOSITE AVERAGE AGE (YEARS)				11.35				
DIRECTED WEIGHTED ELG COMPOSITE REMAINING LIFE (YEARS)				22.43				

Enbridge Gaz Quebec

Account #: 478.00 - Meters

CALCULATED ANNUAL ACCRUAL AND ACCRUED DEPRECIATION

BASED ON ORIGINAL COST AS OF December 31, 2023

ELG - Remaining Life v5.17

Survivor Curve: R0.5

ASL: 18

Net Salvage: 0%

Truncation Year:

Year	Original Cost	Calculated Accumulated Depreciation	Allocated Actual Booked Amount	Accumulated Depreciation Factor	Net Book Value	ELG Remaining Life	Annual Accrual	Average Age
1980	436.92	437	123	0.2809	314	0.00	314	43.5
1981	2,426.40	2,426	682	0.2809	1,745	0.00	1,745	42.5
1985	2,786.72	2,787	783	0.2809	2,004	0.00	2,004	38.5
1986	2,575.72	2,576	724	0.2809	1,852	0.00	1,852	37.5
1987	6,338.20	6,338	1,780	0.2809	4,558	0.00	4,558	36.5
1988	1,440.80	1,421	399	0.2770	1,042	0.50	1,042	35.5
1989	8,945.20	8,740	2,455	0.2745	6,490	0.81	6,490	34.5
1990	27,464.28	26,486	7,440	0.2709	20,024	1.24	16,189	33.5
1991	39,243.81	37,337	10,488	0.2673	28,755	1.66	17,326	32.5
1992	56,696.28	53,210	14,948	0.2636	41,749	2.06	20,231	31.5
1993	115,808.83	107,203	30,115	0.2600	85,694	2.45	34,998	30.5
1994	51,079.30	46,624	13,097	0.2564	37,982	2.82	13,472	29.5
1995	44,813.99	40,317	11,325	0.2527	33,489	3.18	10,534	28.5
1996	37,540.48	33,268	9,345	0.2489	28,195	3.53	7,982	27.5
1997	22,483.66	19,612	5,509	0.2450	16,975	3.88	4,374	26.5
1998	86,959.21	74,593	20,954	0.2410	66,005	4.23	15,613	25.5
1999	42,366.78	35,701	10,029	0.2367	32,338	4.57	7,070	24.5
2000	99,048.42	81,896	23,006	0.2323	76,043	4.92	15,450	23.5
2001	150,026.78	121,550	34,145	0.2276	115,882	5.27	21,983	22.5
2002	134,127.03	106,318	29,866	0.2227	104,261	5.62	18,540	21.5
2003	196,296.18	151,973	42,691	0.2175	153,605	5.98	25,692	20.5
2004	170,337.82	128,559	36,114	0.2120	134,224	6.34	21,181	19.5
2005	6,314.88	4,636	1,302	0.2062	5,012	6.70	748	18.5
2006	183,733.63	130,908	36,774	0.2001	146,960	7.06	20,810	17.5
2007	236,680.30	163,213	45,849	0.1937	190,832	7.43	25,694	16.5
2008	241,920.26	160,982	45,222	0.1869	196,698	7.79	25,240	15.5

Enbridge Gaz Quebec

Account #: 478.00 - Meters

CALCULATED ANNUAL ACCRUAL AND ACCRUED DEPRECIATION BASED ON ORIGINAL COST AS OF December 31, 2023

ELG - Remaining Life v5.17
Survivor Curve: R0.5
ASL: 18
Net Salvage: 0%
Truncation Year:

Year	Original Cost	Calculated Accumulated Depreciation	Allocated Actual Booked Amount	Accumulated Depreciation Factor	Net Book Value	ELG Remaining Life	Annual Accrual	Average Age
2009	252,484.15	161,575	45,389	0.1798	207,096	8.16	25,385	14.5
2010	251,570.06	154,228	43,325	0.1722	208,245	8.52	24,440	13.5
2011	277,690.56	162,371	45,612	0.1643	232,078	8.88	26,142	12.5
2012	454,255.33	252,045	70,803	0.1559	383,453	9.23	41,561	11.5
2013	460,712.42	241,125	67,735	0.1470	392,977	9.56	41,097	10.5
2014	388,125.91	190,255	53,445	0.1377	334,681	9.88	33,874	9.5
2015	371,139.95	168,934	47,456	0.1279	323,684	10.17	31,815	8.5
2016	300,810.10	125,791	35,336	0.1175	265,474	10.44	25,440	7.5
2017	118,102.58	44,755	12,572	0.1065	105,530	10.65	9,906	6.5
2018	172,764.53	58,252	16,364	0.0947	156,401	10.81	14,466	5.5
2019	210,455.75	61,527	17,284	0.0821	193,172	10.89	17,735	4.5
2020	497,952.91	121,340	34,086	0.0685	463,867	10.86	42,701	3.5
2021	422,568.68	80,232	22,538	0.0533	400,030	10.67	37,502	2.5
2022	792,715.46	101,835	28,607	0.0361	764,109	10.18	75,086	1.5
2023	38,114.81	2,012	565	0.0148	37,550	8.97	4,185	0.5
TOTAL	6,977,355.08	3,475,387	976,282		6,001,073		792,467	

COMPOSITE ANNUAL ACCRUAL RATE	11.36%
COMPOSITE ACTUAL ACCUMULATED DEPRECIATION FACTOR	0.14
COMPOSITE AVERAGE AGE (YEARS)	11.38
DIRECTED WEIGHTED ELG COMPOSITE REMAINING LIFE (YEARS)	8.69

Enbridge Gaz Quebec

Account #: 482.00 - Leasehold Improvements

CALCULATED ANNUAL ACCRUAL AND ACCRUED DEPRECIATION

BASED ON ORIGINAL COST AS OF December 31, 2023

ELG - Remaining Life v5.17

Survivor Curve: SQ

ASL: 20

Net Salvage: 0%

Truncation Year:

Year	Original Cost	Calculated Accumulated Depreciation	Allocated Actual Booked Amount	Accumulated Depreciation Factor	Net Book Value	ELG Remaining Life	Annual Accrual	Average Age
2005	220,239.56	203,722	220,240	1.0000	0	1.50	0	18.5
2006	34,723.42	30,383	34,723	1.0000	0	2.50	0	17.5
2007	35,799.12	29,534	35,799	1.0000	0	3.50	0	16.5
2008	42,623.94	33,034	42,624	1.0000	0	4.50	0	15.5
2009	45,420.24	32,930	43,074	0.9483	2,347	5.50	427	14.5
2011	98,787.81	61,742	80,762	0.8175	18,026	7.50	2,403	12.5
2012	345,053.20	198,406	259,524	0.7521	85,529	8.50	10,062	11.5
2013	8,952.47	4,700	6,148	0.6867	2,805	9.50	295	10.5
2014	6,636.68	3,152	4,124	0.6213	2,513	10.50	239	9.5
2015	3,588.17	1,525	1,995	0.5559	1,593	11.50	139	8.5
2017	61,729.77	20,062	26,242	0.4251	35,487	13.50	2,629	6.5
2018	14,926.94	4,105	5,369	0.3597	9,558	14.50	659	5.5
2019	16,225.28	3,651	4,775	0.2943	11,450	15.50	739	4.5
2022	55,162.64	4,137	5,412	0.0981	49,751	18.50	2,689	1.5
2023	694,554.68	17,364	22,713	0.0327	671,842	19.50	34,453	0.5
TOTAL	1,684,423.92	648,446	793,523		890,901		54,734	

COMPOSITE ANNUAL ACCRUAL RATE 3.25%

COMPOSITE ACTUAL ACCUMULATED DEPRECIATION FACTOR 0.47

COMPOSITE AVERAGE AGE (YEARS) 7.70

DIRECTED WEIGHTED ELG COMPOSITE REMAINING LIFE (YEARS) 12.30

Enbridge Gaz Quebec

Account #: 483.00 - Office Furniture and Equipment
 CALCULATED ANNUAL ACCRUAL AND ACCRUED DEPRECIATION
 BASED ON ORIGINAL COST AS OF December 31, 2023

ELG - Remaining Life v5.17
 Survivor Curve: SQ
 ASL: 15
 Net Salvage: 0%
 Truncation Year:

Year	Original Cost	Calculated Accumulated Depreciation	Allocated Actual Booked Amount	Accumulated Depreciation Factor	Net Book Value	ELG Remaining Life	Annual Accrual	Average Age
2009	18,258.08	17,649	18,258	1.0000	0	0.50	0	14.5
2010	24,931.26	22,438	24,931	1.0000	0	1.50	0	13.5
2011	17,199.93	14,333	17,200	1.0000	0	2.50	0	12.5
2012	39,213.53	30,064	39,214	1.0000	0	3.50	0	11.5
2013	20,722.21	14,506	20,722	1.0000	0	4.50	0	10.5
2014	7,098.36	4,496	7,098	1.0000	0	5.50	0	9.5
2015	6,398.62	3,626	6,399	1.0000	0	6.50	0	8.5
2016	13,718.38	6,859	13,718	1.0000	0	7.50	0	7.5
2017	4,267.85	1,849	4,005	0.9384	263	8.50	31	6.5
2018	9,732.12	3,568	7,727	0.7940	2,005	9.50	211	5.5
2019	42,001.41	12,600	27,286	0.6496	14,716	10.50	1,401	4.5
2020	5,759.72	1,344	2,910	0.5053	2,849	11.50	248	3.5
2021	1,266.43	211	457	0.3609	809	12.50	65	2.5
2022	13,998.92	1,400	3,031	0.2165	10,967	13.50	812	1.5
2023	73,847.09	2,462	5,330	0.0722	68,517	14.50	4,725	0.5
TOTAL	298,413.92	137,406	198,288		100,126		7,493	

COMPOSITE ANNUAL ACCRUAL RATE 2.51%
 COMPOSITE ACTUAL ACCUMULATED DEPRECIATION FACTOR 0.66
 COMPOSITE AVERAGE AGE (YEARS) 6.91
 DIRECTED WEIGHTED ELG COMPOSITE REMAINING LIFE (YEARS) 8.09

Enbridge Gaz Quebec

Account #: 484.00 - Transportation Equipment
CALCULATED ANNUAL ACCRUAL AND ACCRUED DEPRECIATION
 BASED ON ORIGINAL COST AS OF December 31, 2023

ELG - Remaining Life v5.17
 Survivor Curve: R4
 ASL: 13
 Net Salvage: 5%
 Truncation Year:

Year	Original Cost	Calculated Accumulated Depreciation	Allocated Actual Booked Amount	Accumulated Depreciation Factor	Net Book Value	ELG Remaining Life	Annual Accrual	Average Age
2007	160,549.94	145,297	152,522	1.0000	0	0.82	0	16.5
2008	182,765.31	162,609	173,627	1.0000	0	1.05	0	15.5
2009	26,510.85	23,099	25,051	0.9947	135	1.31	103	14.5
2010	210,894.30	178,803	193,910	0.9679	6,440	1.63	3,959	13.5
2011	73,989.46	60,422	65,527	0.9322	4,763	2.04	2,333	12.5
2012	66,818.15	51,874	56,256	0.8862	7,221	2.57	2,807	11.5
2013	200,979.96	146,514	158,892	0.8322	32,039	3.18	10,065	10.5
2017	419,697.50	205,299	222,644	0.5584	176,068	6.12	28,752	6.5
2018	158,007.29	66,118	71,704	0.4777	78,403	6.99	11,222	5.5
2019	218,402.74	75,364	81,732	0.3939	125,751	7.89	15,940	4.5
2020	71,349.54	19,254	20,880	0.3081	46,902	8.82	5,317	3.5
2021	541,746.03	104,804	113,659	0.2208	401,000	9.78	41,016	2.5
2023	504,804.73	19,622	21,279	0.0444	458,285	11.72	39,102	0.5
TOTAL	2,836,515.80	1,259,080	1,357,685		1,337,005		160,616	

COMPOSITE ANNUAL ACCRUAL RATE	5.66%
COMPOSITE ACTUAL ACCUMULATED DEPRECIATION FACTOR	0.48
COMPOSITE AVERAGE AGE (YEARS)	6.68
DIRECTED WEIGHTED ELG COMPOSITE REMAINING LIFE (YEARS)	6.66

Enbridge Gaz Quebec

Account #: 485.00 - Heavy Work Equipment

CALCULATED ANNUAL ACCRUAL AND ACCRUED DEPRECIATION
 BASED ON ORIGINAL COST AS OF December 31, 2023

ELG - Remaining Life v5.17
 Survivor Curve: S3
 ASL: 17
 Net Salvage: 0%
 Truncation Year:

Year	Original Cost	Calculated Accumulated Depreciation	Allocated Actual Booked Amount	Accumulated Depreciation Factor	Net Book Value	ELG Remaining Life	Annual Accrual	Average Age
1999	43,050.00	40,791	43,050	1.0000	0	1.36	0	24.5
2007	43,209.19	36,056	43,209	1.0000	0	3.27	0	16.5
2009	15,000.00	11,728	15,000	1.0000	0	4.05	0	14.5
2011	122,056.30	87,119	122,056	1.0000	0	5.01	0	12.5
2013	21,995.00	13,809	21,995	1.0000	0	6.22	0	10.5
2016	9,780.05	4,571	9,780	1.0000	0	8.55	0	7.5
2021	22,588.19	3,564	20,834	0.9223	1,754	13.34	131	2.5
TOTAL	277,678.73	197,637	275,924		1,754		131	

COMPOSITE ANNUAL ACCRUAL RATE 0.05%
 COMPOSITE ACTUAL ACCUMULATED DEPRECIATION FACTOR 0.99
 COMPOSITE AVERAGE AGE (YEARS) 13.94
 DIRECTED WEIGHTED ELG COMPOSITE REMAINING LIFE (YEARS) 5.02

Enbridge Gaz Quebec

Account #: 486.00 - Tools and Work Equipment

CALCULATED ANNUAL ACCRUAL AND ACCRUED DEPRECIATION

BASED ON ORIGINAL COST AS OF December 31, 2023

ELG - Remaining Life v5.17
 Survivor Curve: SQ
 ASL: 10
 Net Salvage: 0%
 Truncation Year:

Year	Original Cost	Calculated Accumulated Depreciation	Allocated Actual Booked Amount	Accumulated Depreciation Factor	Net Book Value	ELG Remaining Life	Annual Accrual	Average Age
2014	43,559.05	41,381	41,109	0.9438	2,450	0.50	2,450	9.5
2015	20,966.10	17,821	17,704	0.8444	3,262	1.50	2,175	8.5
2016	89,648.80	67,237	66,795	0.7451	22,854	2.50	9,142	7.5
2017	36,378.56	23,646	23,491	0.6457	12,888	3.50	3,682	6.5
2018	42,448.19	23,347	23,193	0.5464	19,255	4.50	4,279	5.5
2019	1,009.50	454	451	0.4470	558	5.50	101	4.5
2020	47,076.75	16,477	16,369	0.3477	30,708	6.50	4,724	3.5
2021	55,602.04	13,901	13,809	0.2484	41,793	7.50	5,572	2.5
2022	6,414.60	962	956	0.1490	5,459	8.50	642	1.5
2023	36,240.28	1,812	1,800	0.0497	34,440	9.50	3,625	0.5
TOTAL	379,343.87	207,037	205,677		173,667		36,392	

COMPOSITE ANNUAL ACCRUAL RATE	9.59%
COMPOSITE ACTUAL ACCUMULATED DEPRECIATION FACTOR	0.54
COMPOSITE AVERAGE AGE (YEARS)	5.46
DIRECTED WEIGHTED ELG COMPOSITE REMAINING LIFE (YEARS)	4.54

Enbridge Gaz Quebec

Account #: 488.00 - Communication Equipment
CALCULATED ANNUAL ACCRUAL AND ACCRUED DEPRECIATION
BASED ON ORIGINAL COST AS OF December 31, 2023

ELG - Remaining Life v5.17
 Survivor Curve: S3
 ASL: 11
 Net Salvage: 0%
 Truncation Year:

Year	Original Cost	Calculated Accumulated Depreciation	Allocated Actual Booked Amount	Accumulated Depreciation Factor	Net Book Value	ELG Remaining Life	Annual Accrual	Average Age
2006	3,983.23	3,830	3,983	1.0000	0	0.70	0	17.5
2009	15,585.87	14,434	15,586	1.0000	0	1.16	0	14.5
2012	2,168.41	1,866	2,168	1.0000	0	1.86	0	11.5
2013	357,137.71	295,290	357,138	1.0000	0	2.20	0	10.5
2014	607.76	478	608	1.0000	0	2.58	0	9.5
2015	11,922.91	8,783	11,923	1.0000	0	3.04	0	8.5
2016	4,765.82	3,225	4,766	1.0000	0	3.58	0	7.5
2017	50,029.81	30,300	50,030	1.0000	0	4.23	0	6.5
2018	224.62	118	225	1.0000	0	4.99	0	5.5
2019	1,190.98	518	1,191	1.0000	0	5.84	0	4.5
2020	1,265.52	431	1,266	1.0000	0	6.77	0	3.5
2021	30,749.22	7,498	30,749	1.0000	0	7.75	0	2.5
2023	14,469.09	706	14,469	1.0000	0	9.75	0	0.5
TOTAL	494,100.95	367,477	494,101		0		0	

COMPOSITE ANNUAL ACCRUAL RATE 0.00%
COMPOSITE ACTUAL ACCUMULATED DEPRECIATION FACTOR 1.00
COMPOSITE AVERAGE AGE (YEARS) 9.38
DIRECTED WEIGHTED ELG COMPOSITE REMAINING LIFE (YEARS) 2.98

Enbridge Gaz Quebec

Account #: 490.00 - Computer Hardware

CALCULATED ANNUAL ACCRUAL AND ACCRUED DEPRECIATION BASED ON ORIGINAL COST AS OF December 31, 2023

ELG - Remaining Life v5.17
Survivor Curve: SQ
ASL: 4
Net Salvage: 0%
Truncation Year:

Year	Original Cost	Calculated Accumulated Depreciation	Allocated Actual Booked Amount	Accumulated Depreciation Factor	Net Book Value	ELG Remaining Life	Annual Accrual	Average Age
2020	179,949.18	157,456	179,949	1.0000	0	0.50	0	3.5
2021	23,930.91	14,957	23,931	1.0000	0	1.50	0	2.5
2022	8,263.09	3,099	8,263	1.0000	0	2.50	0	1.5
2023	121,288.38	15,161	73,689	0.6075	47,600	3.50	13,600	0.5
TOTAL	333,431.56	190,672	285,832		47,600		13,600	

COMPOSITE ANNUAL ACCRUAL RATE	4.08%
COMPOSITE ACTUAL ACCUMULATED DEPRECIATION FACTOR	0.86
COMPOSITE AVERAGE AGE (YEARS)	2.29
DIRECTED WEIGHTED ELG COMPOSITE REMAINING LIFE (YEARS)	1.71

Enbridge Gaz Quebec

Account #: 491.00 - Other Intangible Assets - Acquired Software

CALCULATED ANNUAL ACCRUAL AND ACCRUED DEPRECIATION

BASED ON ORIGINAL COST AS OF December 31, 2023

ELG - Remaining Life v5.17
 Survivor Curve: SQ
 ASL: 4
 Net Salvage: 0%
 Truncation Year:

Year	Original Cost	Calculated Accumulated Depreciation	Allocated Actual Booked Amount	Accumulated Depreciation Factor	Net Book Value	ELG Remaining Life	Annual Accrual	Average Age
2020	102,917.52	90,053	-3,184	-0.0309	106,101	0.50	106,101	3.5
2021	233,622.89	146,014	-5,162	-0.0221	238,785	1.50	159,190	2.5
2022	236,585.26	88,719	-3,137	-0.0133	239,722	2.50	95,889	1.5
TOTAL	573,125.67	324,787	-11,483		584,609		361,180	

COMPOSITE ANNUAL ACCRUAL RATE 63.02%
 COMPOSITE ACTUAL ACCUMULATED DEPRECIATION FACTOR -0.02
 COMPOSITE AVERAGE AGE (YEARS) 2.27
 DIRECTED WEIGHTED ELG COMPOSITE REMAINING LIFE (YEARS) 1.73

Enbridge Gaz Quebec

Account #: 491.10 - Other Intangible Assets - Customer Information System (CIS)

CALCULATED ANNUAL ACCRUAL AND ACCRUED DEPRECIATION

BASED ON ORIGINAL COST AS OF December 31, 2023

ELG - Remaining Life v5.17
 Survivor Curve: SQ
 ASL: 10
 Net Salvage: 0%
 Truncation Year:

Year	Original Cost	Calculated Accumulated Depreciation	Allocated Actual Booked Amount	Accumulated Depreciation Factor	Net Book Value	ELG Remaining Life	Annual Accrual	Average Age
2014	151,933.54	144,337	151,934	1.0000	0	0.50	0	9.5
2015	300,329.91	255,280	300,330	1.0000	0	1.50	0	8.5
2016	149,496.89	112,123	149,497	1.0000	0	2.50	0	7.5
2017	202,229.17	131,449	186,297	0.9212	15,932	3.50	4,552	6.5
2020	103,586.04	36,255	51,383	0.4960	52,203	6.50	8,031	3.5
2022	3,460.46	519	736	0.2126	2,725	8.50	321	1.5
TOTAL	911,036.00	679,963	840,176		70,860		12,904	

COMPOSITE ANNUAL ACCRUAL RATE	1.42%
COMPOSITE ACTUAL ACCUMULATED DEPRECIATION FACTOR	0.92
COMPOSITE AVERAGE AGE (YEARS)	7.46
DIRECTED WEIGHTED ELG COMPOSITE REMAINING LIFE (YEARS)	2.54

Enbridge Gaz Quebec

Account #: 491.20 - Other Intangible Assets - WAMS
 CALCULATED ANNUAL ACCRUAL AND ACCRUED DEPRECIATION
 BASED ON ORIGINAL COST AS OF December 31, 2023

ELG - Remaining Life v5.17
 Survivor Curve: SQ
 ASL: 10
 Net Salvage: 0%
 Truncation Year:

Year	Original Cost	Calculated Accumulated Depreciation	Allocated Actual Booked Amount	Accumulated Depreciation Factor	Net Book Value	ELG Remaining Life	Annual Accrual	Average Age
2016	81,577.76	61,183	60,333	0.7396	21,244	2.50	8,498	7.5
2017	73,675.44	47,889	47,224	0.6410	26,452	3.50	7,558	6.5
2021	41,179.78	10,295	10,152	0.2465	31,028	7.50	4,137	2.5
2022	11,788.37	1,768	1,744	0.1479	10,045	8.50	1,182	1.5
2023	25,643.17	1,282	1,264	0.0493	24,379	9.50	2,566	0.5
TOTAL	233,864.52	122,418	120,717		113,147		23,941	

COMPOSITE ANNUAL ACCRUAL RATE 10.24%
 COMPOSITE ACTUAL ACCUMULATED DEPRECIATION FACTOR 0.52
 COMPOSITE AVERAGE AGE (YEARS) 5.23
 DIRECTED WEIGHTED ELG COMPOSITE REMAINING LIFE (YEARS) 4.77



SECTION 9

9 ESTIMATION OF SURVIVOR CURVES

9.1 Average Service Life

All assets have a service life, which is defined as “the period of time from its installation until it is retired from service”⁵. All account groups of property are made up of various assets with differing service lives and investment values. To calculate a depreciation rate, one must first calculate an average life for all assets in a single account. This can be done by ascertaining the age at retirement for every asset in an account and plotting it as a percentage of the units surviving at each age interval (a “Survivor Curve”). From the average life for each account, remaining lives can then be found which are then used to calculate the annual depreciation accruals and ultimately depreciation rate. A discussion of the general concept of survivor curves is presented and the Iowa type survivor curves are reviewed.

9.2 Survivor Curves

A survivor curve is defined as “a graph of the percent of units remaining in service expressed as a function of age”⁶. To calculate the average life of the group, the remaining life expectancy, the probable life and the frequency curve, one must first create a survivor curve. Figure 1 shows a typical 40-R4 smoothed survivor curve as well as the accompanying derived curves. The type 40-R4 refers to the Iowa type curve, whose designation will be explained in further detail in the next section.

To calculate the average service life, one must calculate the area under the survivor curve and divide by the percent surviving at age zero. The remaining life is equal to the area under the survivor curve and to the right of the current age, divided by the percent surviving at the current age. In Figure 1, for example, the hatched area to the right of age 45 divided by 28.9 percent surviving balance represents the remaining life for an asset that has reached that age. The probable life is “the total life expectancy of the property surviving at any age and is equal to the remaining life plus the current age.”⁷ If the probable life of the property is calculated for each year of age, the probable life curve shown in the chart can be developed. The frequency curve is calculated by taking the difference between the percent surviving on successive years on the survivor curve⁸. Alternatively, frequency can be empirically determined by finding the amount of retirements at any given age. Plotting retirement frequency from the youngest to oldest ages and then taking the cumulative frequencies will generate percent surviving versus age.

⁵ Wolf, Frank K. and W. Chester Fitch, *Depreciation Systems* (Iowa State University Press, 1994), 21.

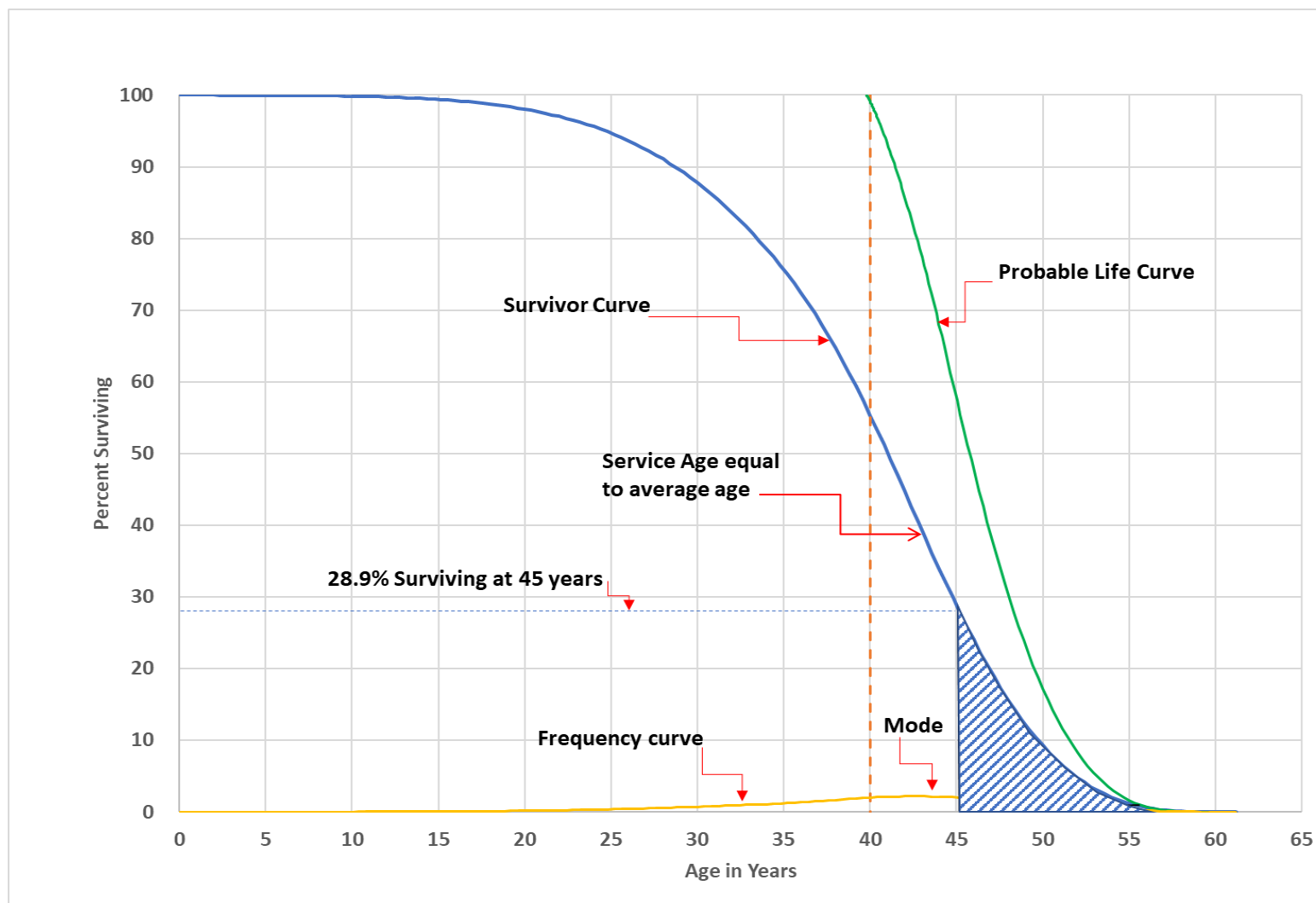
⁶ *Ibid*, 23.

⁷ *Ibid*, 29.

⁸ *Ibid*, 23-24.



Figure 1: Typical Survivor Curve (40-R4) and Derived Curves





9.3 Iowa Type Curves

In 1931, Robley Winfrey and Edwin Kurtz of the Engineering Research Institute at Iowa State University published Bulletin 103, which laid the groundwork for what would eventually be known as the Iowa Curves. “The 13 type curves can be used as valuable aids in forecasting the probable future service lives of individual items and of groups of items of different kinds of physical equipment”⁹. The 13 curves described in Bulletin 103 eventually became a series of 22 generalized survivor curves which are used throughout the regulated utility industry. These 22 curves were described in Bulletin 125, published in 1967 by Harold A. Cowles, which became known as the Iowa curves.

The Iowa curves are organized with three variables: the average life of the plant; the location of the mode; and the variation of the life. All Iowa curves have both a letter and a number to represent the shape and height of the mode. The L curves, or left-moded curves, are used when the mode of the curve should be to the left of the average life. There are six L curves are presented in Figure 2. The R curves, or right-moded, are used when the mode of the curve should be to the right of the average life. There are five R curves, which are presented in Figure 3. The S curves, or symmetrically-moded, are used when the mode is equal to the average life. There are seven S curves, which are presented in Figure 4. The O curves, or origin curves, are used when the mode occurs at age 0. There are four O curves, which are presented in Figure 5. There are some occasions where it is appropriate to use a half curve. In these cases, the curve is assumed to be exactly half way between the two curves.

In addition to Bulletin 125, Iowa curves have also been presented in subsequent Experiment Station bulletins and in the text *Engineering Valuation and Depreciation*¹⁰. In 1957, Frank V. B. Couch, Jr., an Iowa State College graduate student, submitted a thesis¹¹ presenting his development of the fourth family consisting of the four O-type survivor curves.

⁹ *Ibid*, 21

¹⁰ Marston, Anson, Robley Winfrey and Jean C. Hempstead, *Engineering Valuation and Depreciation* (The Iowa State University Press, 1953)

¹¹ Couch, Frank V. B., Jr., *Classification of Type O Retirement Characteristics of Industrial Property* Unpublished M.S. Thesis (Engineering Valuation, Library, Iowa State College, Ames, Iowa, 1957)



Figure 2: Left Modal or "L" Iowa Type Survivor Curves

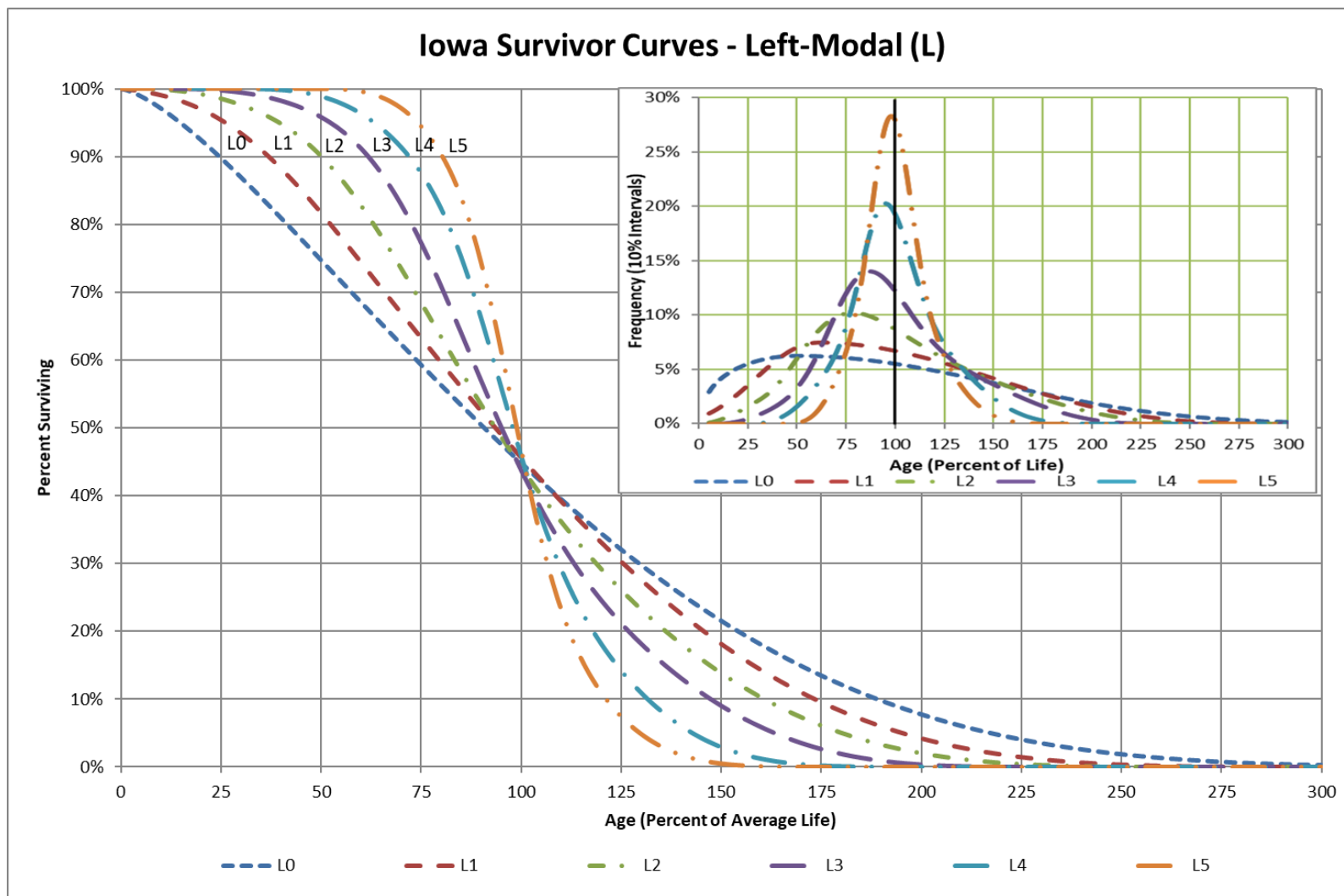




Figure 3: Right Modal or “R” Iowa Type Survivor Curves

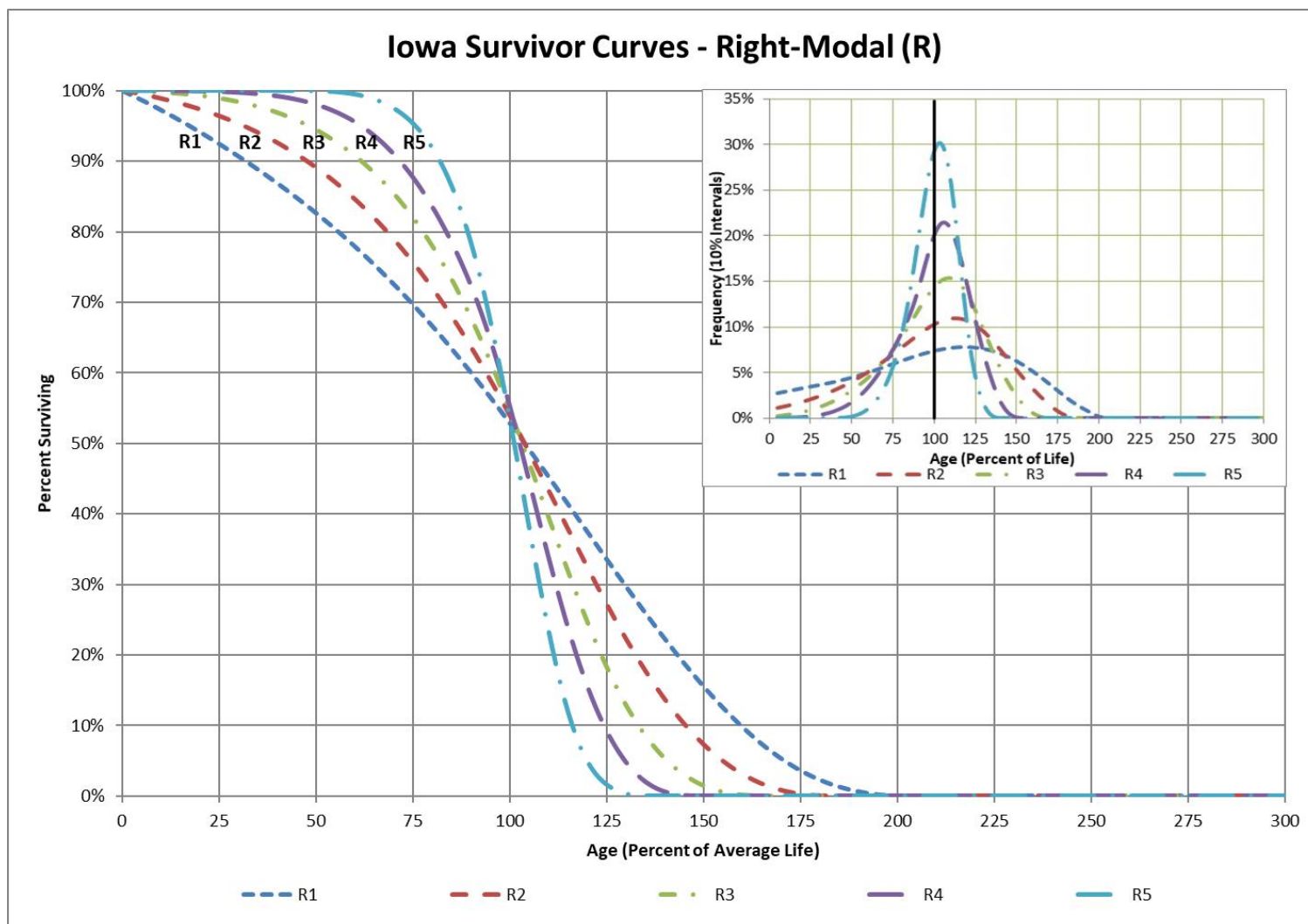




Figure 4: Symmetrical or "S" Iowa Type Survivor Curves

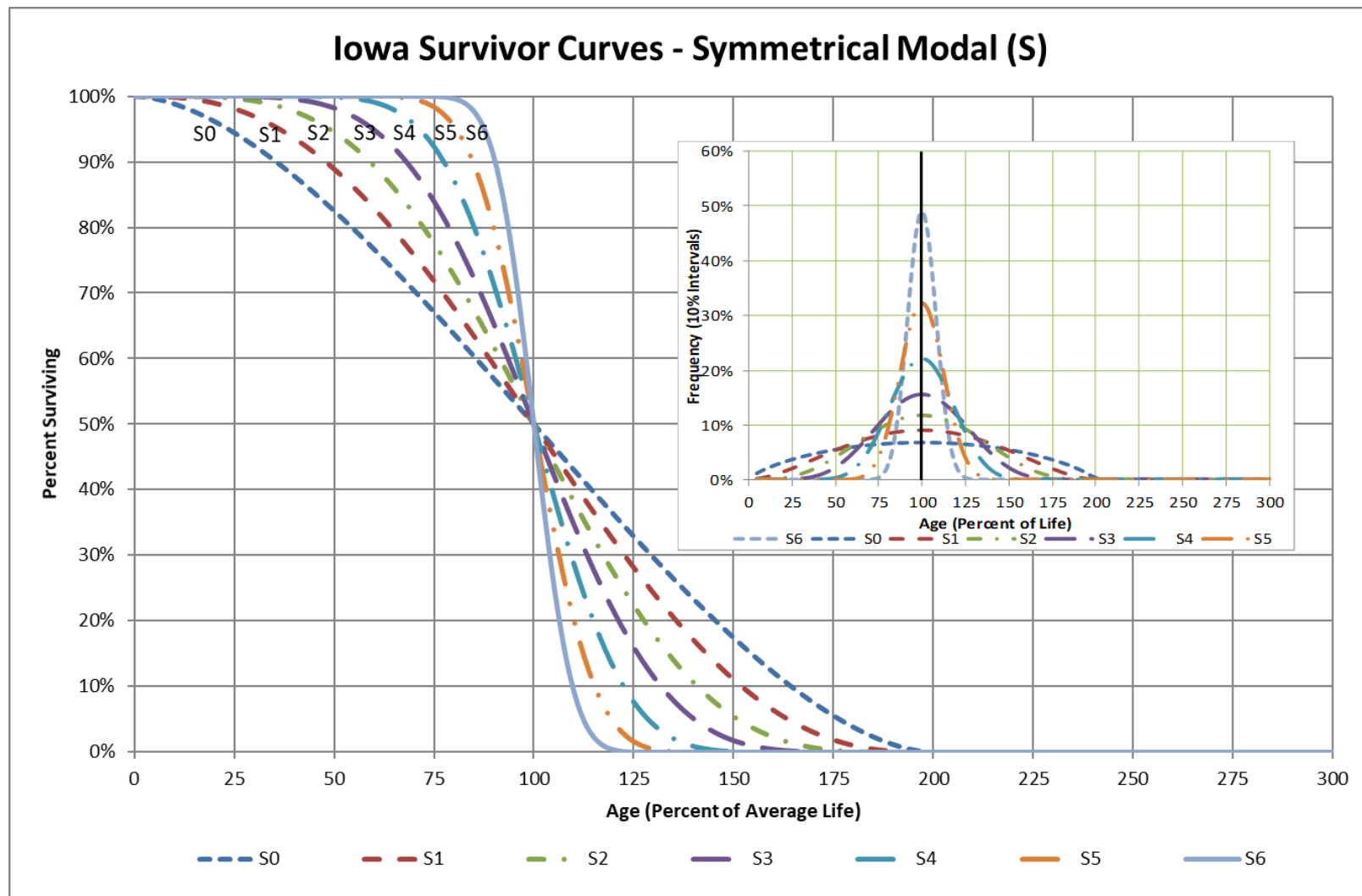
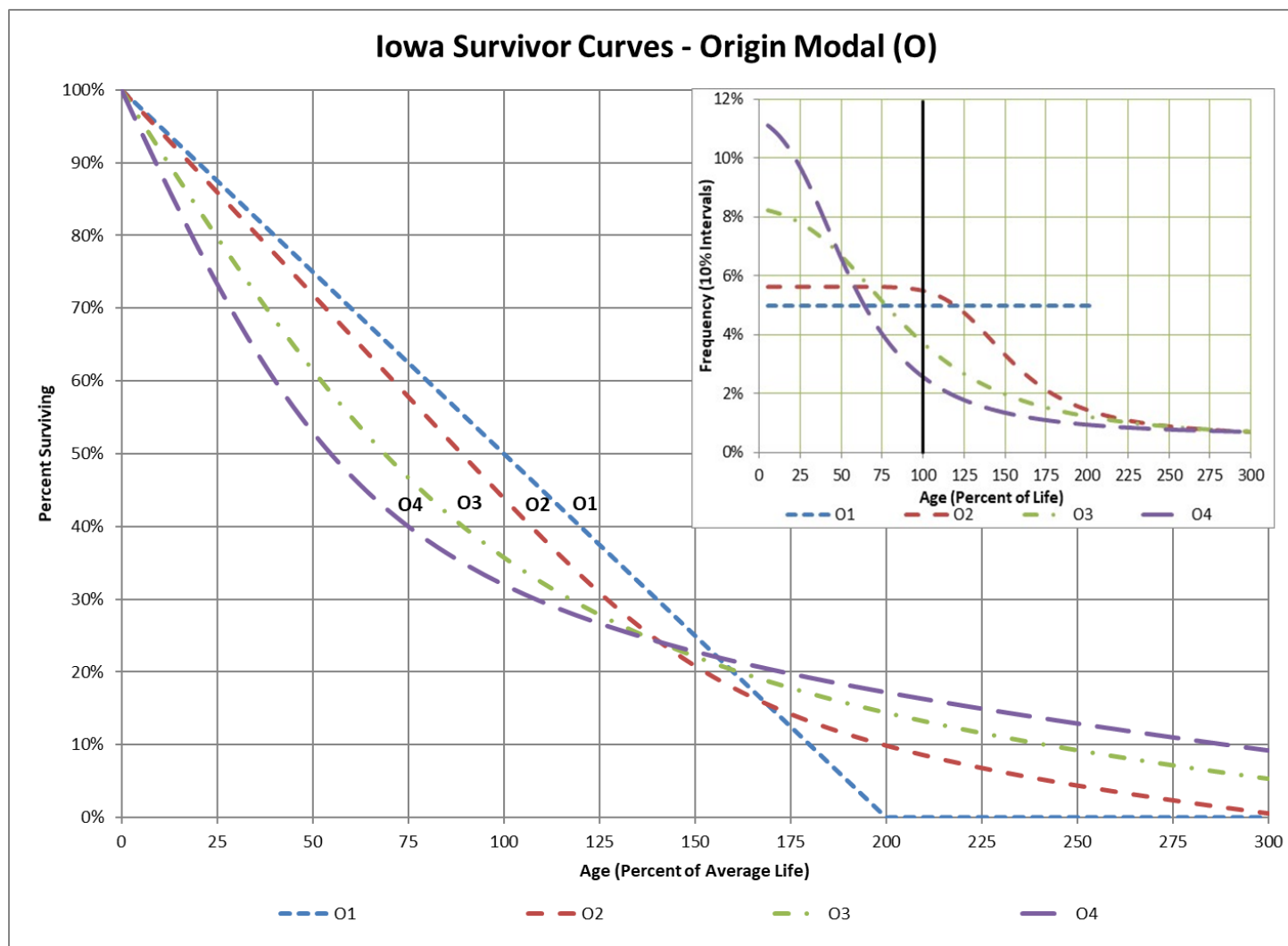




Figure 5: Origin Modal or "O" Iowa Type Survivor Curves





9.4 Retirement Rate Method of Analysis

The retirement rate method is a widely accepted actuarial method used to create survivor curves. This method is also referred to as an original life table. These survivor curves can then be used to determine the average service life of a plant account. The retirement rate method is thoroughly explained in several publications, including Statistical Analyses of Industrial Property Retirements,¹² Engineering Valuation and Depreciation¹³ and Depreciation Systems.¹⁴

The retirement rate method is a subgroup of the placement and the experience band methods, as described in “Depreciation Systems”. The placement band method creates a survivor curve which describes the life characteristics of assets placed into service during a selected timeframe. The experience band method creates a survivor curve which describes the life characteristics of assets removed from service during a selected time frame. The retirement rate method creates both placement and experience bands to give the most complete or representative data. An example of the calculations used in the development of a life table follows. The example includes schedules of annual aged property transactions, a schedule of plant exposed to retirement, a life table and illustrations of smoothing the stub survivor curve.

9.5 Schedules of Annual Transactions in Plant Records

The property group used to illustrate the retirement rate method is observed for the experience band 2014-2023 during which there were placements during the years 2009-2023. In order to illustrate the summation of the aged data by age interval, the data was compiled in the manner presented in Schedules 1 and 2. In Schedule 1 (page 9-10), the year of installation (year placed) and the year of retirement are shown. The age interval during which a retirement occurred is determined from this information. In the example which follows, \$10,000 of the asset invested in 2009 were retired in 2014. The \$10,000 retirement occurred during the age interval between 4½ and 5½ years (2014 - 2009) on the basis that approximately one-half of the amount of property was installed prior to and after July 1 of each year. That is, on the average, property installed during a year is placed in service at the midpoint of the year for the purpose of the analysis. All retirements also are stated as occurring at the midpoint of a one-year age interval of time, except the first age interval which encompasses only one-half year.

The total retirements occurring in each age interval in a band are determined by summing the amounts for each transaction year-installation year combination for that age interval. For example, the total of \$143,000 retired for age interval 4½-5½ is the sum of the retirements entered on Schedule 1 immediately above the stair step line drawn on the table beginning with the 2014 retirements of 2009 installations and ending with the 2023 retirements of the 2018 installations. Thus, the total amount of \$143,000 for age interval 4½-5½ equals the sum of:

$$\$10 + \$12 + \$13 + \$11 + \$13 + \$13 + \$15 + \$17 + \$19 + \$20 = \$143 \text{ k}$$

¹² Winfrey, supra note 2

¹³ Anson, Winfrey & Hempstead, supra note 8

¹⁴ Wolf & Fitch, supra note 3



Other transactions which affect the group are recorded in a similar manner in Schedule 2 (page 9-11). The entries illustrated include transfers and sales. The entries which are credits to the plant account are shown in parentheses. The items recorded on this schedule are not totaled with the retirements but are used in developing the exposures at the beginning of each age interval.



SCHEDULE 1. RETIREMENTS FOR EACH YEAR 2014-2023 – SUMMARIZED BY AGE INTERVAL

Experience Band 2014-2023

Placement Band 2009-2023

Retirements (Thousands of Dollars)
Annual Survivors at the Beginning of the Year

Year Placed (1)	2014 (2)	2015 (3)	2016 (4)	2017 (5)	2018 (6)	2019 (7)	2020 (8)	2021 (9)	2022 (10)	2023 (11)	Total During Age Interval (12)	Age Interval (13)
2009	10	11	12	13	14	16	23	24	25	26	26	13 ¹ / ₂ - 14 ¹ / ₂
2010	11	12	13	15	16	18	20	21	22	19	44	12 ¹ / ₂ - 13 ¹ / ₂
2011	11	12	13	14	16	17	19	21	22	18	64	11 ¹ / ₂ - 12 ¹ / ₂
2012	8	9	10	11	11	13	14	15	16	17	83	10 ¹ / ₂ - 11 ¹ / ₂
2013	9	10	11	12	13	14	16	17	19	20	93	9 ¹ / ₂ - 10 ¹ / ₂
2014	4	9	10	11	12	13	14	15	16	20	105	8 ¹ / ₂ - 9 ¹ / ₂
2015		5	11	12	13	14	15	16	18	20	113	7 ¹ / ₂ - 8 ¹ / ₂
2016			6	12	13	15	16	17	19	19	124	6 ¹ / ₂ - 7 ¹ / ₂
2017				6	13	15	16	17	19	19	131	5 ¹ / ₂ - 6 ¹ / ₂
2018					7	14	16	17	19	20	143	4 ¹ / ₂ - 5 ¹ / ₂
2019						8	18	20	22	23	146	3 ¹ / ₂ - 4 ¹ / ₂
2020							9	20	22	25	150	2 ¹ / ₂ - 3 ¹ / ₂
2021								11	23	25	151	1 ¹ / ₂ - 2 ¹ / ₂
2022									11	24	153	1 ¹ / ₂ - 1 ¹ / ₂
2023										13	80	0 - 1 ¹ / ₂
Total	53	68	86	106	128	157	196	231	273	308	1,606	



SCHEDULE 2. OTHER TRANSACTIONS FOR EACH YEAR 2014-2023 – SUMMARIZED BY AGE INTERVAL

Experience Band 2014-2023

Placement Band 2009-2023

**Acquisitions, Transfers and Sales (Thousands of Dollars)
Annual Survivors at the Beginning of the Year**

Year Placed	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total During Age Interval	Age Interval
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
2009							60 ^a				0	13 1/2 - 14 1/2
2010											0	12 1/2 - 13 1/2
2011											0	11 1/2 - 12 1/2
2012								(5) ^b			60	10 1/2 - 11 1/2
2013								6 ^a			0	9 1/2 - 10 1/2
2014											(5)	8 1/2 - 9 1/2
2015											6	7 1/2 - 8 1/2
2016											0	6 1/2 - 7 1/2
2017								(12) ^b			0	5 1/2 - 6 1/2
2018									22 ^a		0	4 1/2 - 5 1/2
2019								(19) ^b			10	3 1/2 - 4 1/2
2020											0	2 1/2 - 3 1/2
2021										(102) ^c	(121)	1 1/2 - 2 1/2
2022											0	1/2 - 1 1/2
2023											0	'0 - 1/2
Total	0	0	0	0	0	0	60	(30)	22	(102)	(50)	

a = Transfer Affecting Exposures at Beginning of Year

b = Transfer Affecting Exposures at End of Year

c = Sale With Continued Use

Parentheses denote Credit amount



9.6 Schedule of Plant Exposed to Retirement

The development of the amount of plant exposed to retirement at the beginning of each age interval is illustrated in Schedule 3 (page 9-13). The surviving plant at the beginning of each year from 2014 through 2023 is recorded by year in the portion of the table titled "Annual Survivors at the Beginning of the Year." The last amount entered in each column is the amount of new plant added to the group during the year. The amounts entered in Schedule 3 for each successive year following the beginning balance or addition, are obtained by adding or subtracting the net entries shown on Schedules 1 and 2. For the purpose of determining the plant exposed to retirement, transfers-in are considered as being exposed to retirement in this group at the beginning of the year in which they occurred, and the sales and transfers-out are considered to be removed from the plant exposed to retirement at the beginning of the following year. Thus, the amounts of plant shown at the beginning of each year are the amounts of plant from each placement year considered to be exposed to retirement at the beginning of each successive transaction year. For example, the exposures for the installation year 2019 are calculated in the following manner:

Exposures at age 0	=	amount of addition	=	\$750,000
Exposures at age ½	=	\$750,000 - \$ 8,000	=	\$742,000
Exposures at age 1½	=	\$742,000 - \$18,000	=	\$724,000
Exposures at age 2½	=	\$724,000 - \$20,000 - \$19,000	=	\$685,000
Exposures at age 3½	=	\$685,000 - \$22,000	=	\$663,000

For the entire experience band 2014-2023, the total exposures at the beginning of an age interval are obtained by summing diagonally in a manner similar to the summing of the retirements during an age interval (Schedule 1). For example, the figure of 3,789, shown as the total exposures at the beginning of age interval 4½-5½, is obtained by summing:

$$\$255 + \$268 + \$ 284 + \$311 + \$334 + \$374 + \$405 + \$448 + \$501 + \$609 = \$3,789k$$



SCHEDULE 3 – PLANT EXPOSED TO RETIREMENT AT THE BEGINNING OF EACH YEAR, 2014 -2023 – SUMMARIZED BY AGE INTERVAL

Experience Band 2014-2023

Placement Band 2009-2023

Exposures (Thousands of Dollars)
Annual Survivors at the Beginning of the Year

Year Placed (1)	2014 (2)	2015 (3)	2016 (4)	2017 (5)	2018 (6)	2019 (7)	2020 (8)	2021 (9)	2022 (10)	2023 (11)	Total at Beginning of Age Interval (12)	Age Interval (13)
2009	255	245	234	222	209	195	239	216	192	167	167	13 1/2 - 14 1/2
2010	279	268	256	243	228	212	194	174	153	131	323	12 1/2 - 13 1/2
2011	307	296	284	271	257	241	224	205	184	162	531	11 1/2 - 12 1/2
2012	338	330	321	311	300	289	276	262	242	226	823	10 1/2 - 11 1/2
2013	376	367	357	346	334	321	307	297	280	261	1,097	9 1/2 - 10 1/2
2014	420	416	407	397	386	374	361	347	332	316	1,503	8 1/2 - 9 1/2
2015		460	455	444	432	419	405	390	374	356	1,952	7 1/2 - 8 1/2
2016			510	504	492	479	464	448	431	412	2,463	6 1/2 - 7 1/2
2017				580	574	561	546	530	501	482	3,057	5 1/2 - 6 1/2
2018					660	653	639	623	628	609	3,789	4 1/2 - 5 1/2
2019						750	742	724	685	663	4,332	3 1/2 - 4 1/2
2020							850	841	821	799	4,955	2 1/2 - 3 1/2
2021								960	949	926	5,719	1 1/2 - 2 1/2
2022									1,080	1,069	6,579	1/2 - 1 1/2
2023										1,220	7,490	'0 - 1/2
Total	1,975	2,382	2,824	3,318	3,872	4,494	5,247	6,017	6,852	7,799	44,780	

Additions during the year are denoted by bold red font.

	1,555	1,922	2,314	2,738	3,212	3,744	4,397	5,057	5,772	6,579	44,780	
	420	460	510	580	660	750	850	960	1,080	1,220	0	
	1,975	2,382	2,824	3,318	3,872	4,494	5,247	6,017	6,852	7,799	44,780	



9.7 Original Life Tables

The original life table, illustrated in Schedule 4 (page 9-15) is developed from the totals shown on the schedules of retirements and exposures, Schedules 1 and 3, respectively. The exposures at the beginning of the age interval are obtained from the corresponding age interval of the exposure schedule, and the retirements during the age interval are obtained from the corresponding age interval of the retirement schedule. The retirement ratio is the result of dividing the retirements during the age interval by the exposures at the beginning of the age interval. The percent surviving at the beginning of each age interval is derived from survivor ratios, each of which equals one minus the retirement ratio. The percent surviving is developed by starting with 100 percent at age zero and successively multiplying the percent surviving at the beginning of each interval by the survivor ratio, i.e., one minus the retirement ratio for that age interval. The calculations necessary to determine the percent surviving at age 5½ are as follows:

Percent surviving at age 4½	=	88.15	
Exposures at age 4½	=	\$3,789,000	
Retirements from age 4½ to 5½	=	\$143,000	
Retirement Ratio	=	$\$143,000 \div \$3,789,000$	= 0.0377
Survivor Ratio	=	$1.000 - 0.0377$	= 0.9623
Percent surviving at age 5½	=	$(88.15) \times (0.9623)$	= 84.83

The totals of the exposures and retirements (columns 2 and 3) are shown for the purpose of checking with the respective totals in Schedules 1 and 3. The ratio of the total retirements to the total exposures, other than for each age interval, is meaningless. The original survivor curve is plotted from the original life table (column 6, Schedule 4). When the curve terminates at a percent surviving greater than zero, it is called a stub survivor curve. Survivor curves developed from retirement rate studies generally are stub curves.



SCHEDULE 4: ORIGINAL LIFE TABLE - CALCULATED BY THE RETIREMENT RATE METHOD

Experience Band 2014-2023				Placement Band 2009-2023		
Age at Beginning of Interval	Exposures at Beginning of Age Interval	Retirements During Age Interval	Retirement Ratio	Survivor Ratio	% Surviving at Beginning of Age Interval	
(1)	(2)	(3)	(4)	(5)	(6)	
0	7,490	80	0.0107	0.9893	100.00	
0.5	6,579	153	0.0233	0.9767	98.93	
1.5	5,719	151	0.0264	0.9736	96.63	
2.5	4,955	150	0.0303	0.9697	94.08	
3.5	4,332	146	0.0337	0.9663	91.23	
4.5	3,789	143	0.0377	0.9623	88.16	
5.5	3,057	131	0.0429	0.9571	84.83	
6.5	2,463	124	0.0503	0.9497	81.19	
7.5	1,952	113	0.0579	0.9421	77.11	
8.5	1,503	105	0.0699	0.9301	72.64	
9.5	1,097	93	0.0848	0.9152	67.57	
10.5	823	83	0.1009	0.8991	61.84	
11.5	531	64	0.1205	0.8795	55.60	
12.5	323	44	0.1362	0.8638	48.90	
13.5	167	26	0.1557	0.8443	42.24	
					35.66	
Total	44,780	1,606				

Exposure and Retirement Amounts are in Thousands of Dollars.

Column 2 from Schedule 3, Column 12, Plant Exposed to Retirement.

Column 3 from Schedule 1, Column 12, Retirements for Each Year.

Column 4 = Column 3 divided by Column 2.

Column 5 = 1.0000 minus Column 4.

Column 6 = Column 5 multiplied by Column 6 as of the Preceding Age Interval.



9.8 Smoothing the Original Survivor Curve

The smoothing of the original survivor curve eliminates any irregularities and serves as the basis for the preliminary extrapolation to zero percent surviving of the original stub curve. Even if the original survivor curve is complete from 100 percent to zero percent, it is desirable to eliminate any irregularities, as there is still an extrapolation for the vintages which have not yet lived to the age at which the curve reaches zero percent. In this study, the smoothing of the original curve with established type curves was used to eliminate irregularities in the original curve.

The Iowa type curves are used in this study to smooth those original stub curves which are expressed as percentages surviving at ages in years. Each original survivor curve was compared to the Iowa curves using visual and mathematical matching in order to determine the better fitting smooth curves. In Figures 6, 7, and 8, the original curve developed in Schedule 4 is compared with the L, S, and R Iowa type curves which most nearly fit the original survivor curve. In Figure 6, the L1 curve with an average life between 12 and 13 years appears to be the best fit. In Figure 7, the S0 type curve with a 12-year average life appears to be the best fit and appears to be better than the L1 fitting. In Figure 8, the R1 type curve with a 12-year average life appears to be the best fit and appears to be better than either the L1 or the S0.

In Figure 9, the three fittings, 12-L1, 12-S0 and 12-R1 are drawn for comparison purposes. It is probable that the 12-R1 Iowa curve would be selected as the most representative of the plotted survivor characteristics of the group.



Figure 6: Illustration of the Matching of an Original Survivor Curve with a L1 Iowa Type Curve Original and Smooth Survivor Curves

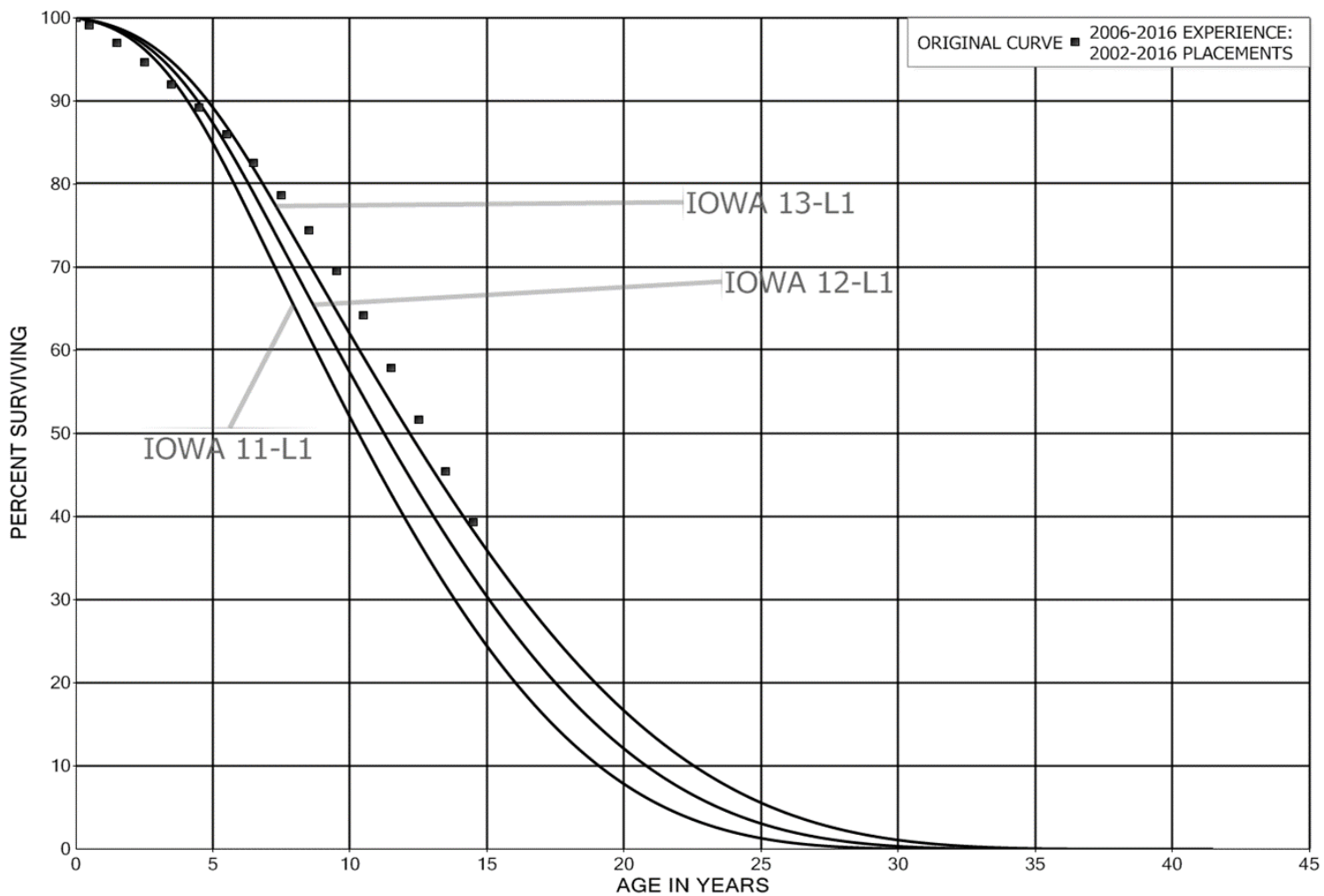




Figure 7: Illustration of the Matching of an Original Survivor Curve with a S0 Iowa Type Curve Original and Smooth Survivor Curves

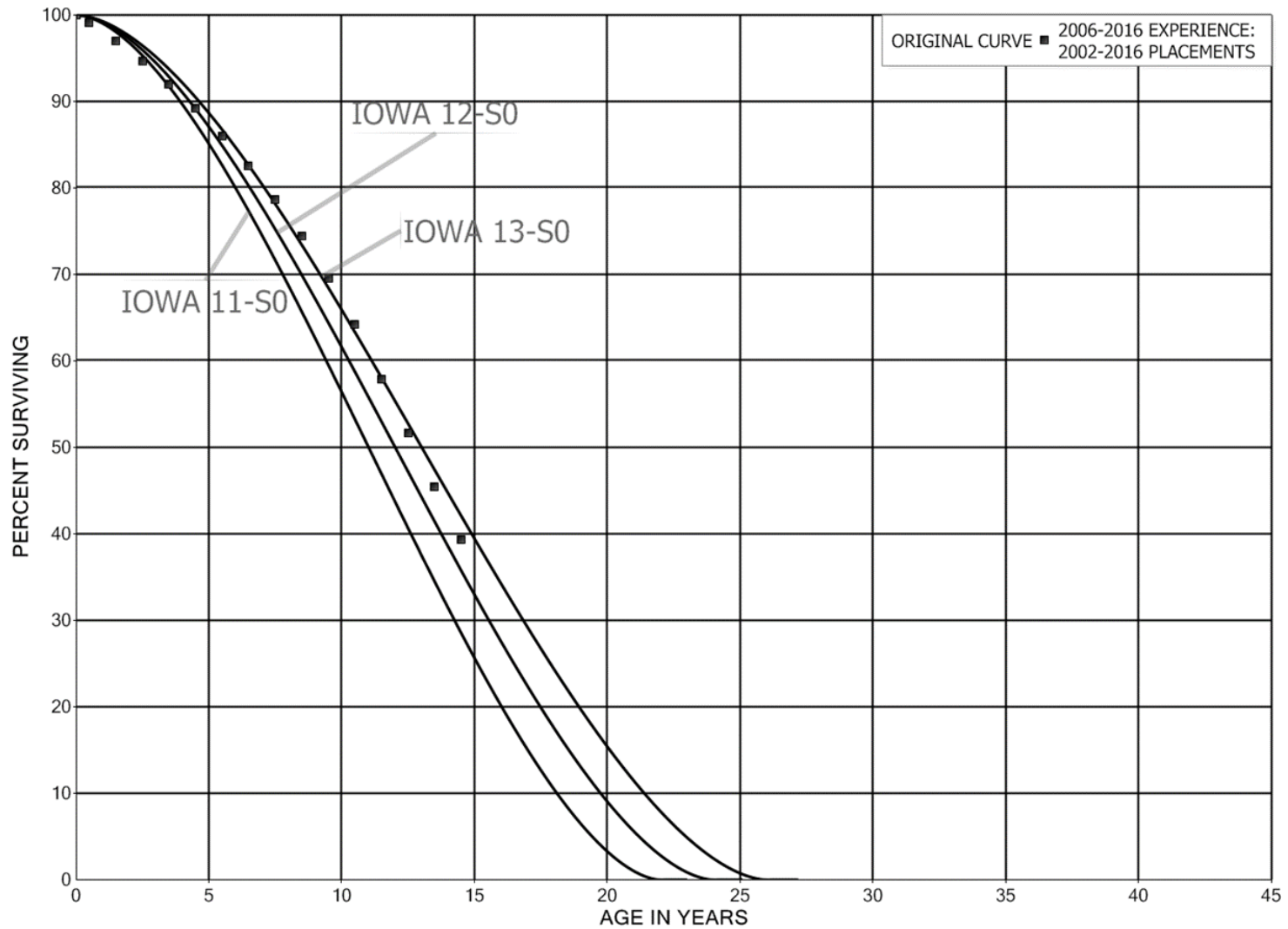




Figure 8: Illustration of the Matching of an Original Survivor Curve with a R1 Iowa Type Curve Original and Smooth Survivor Curves

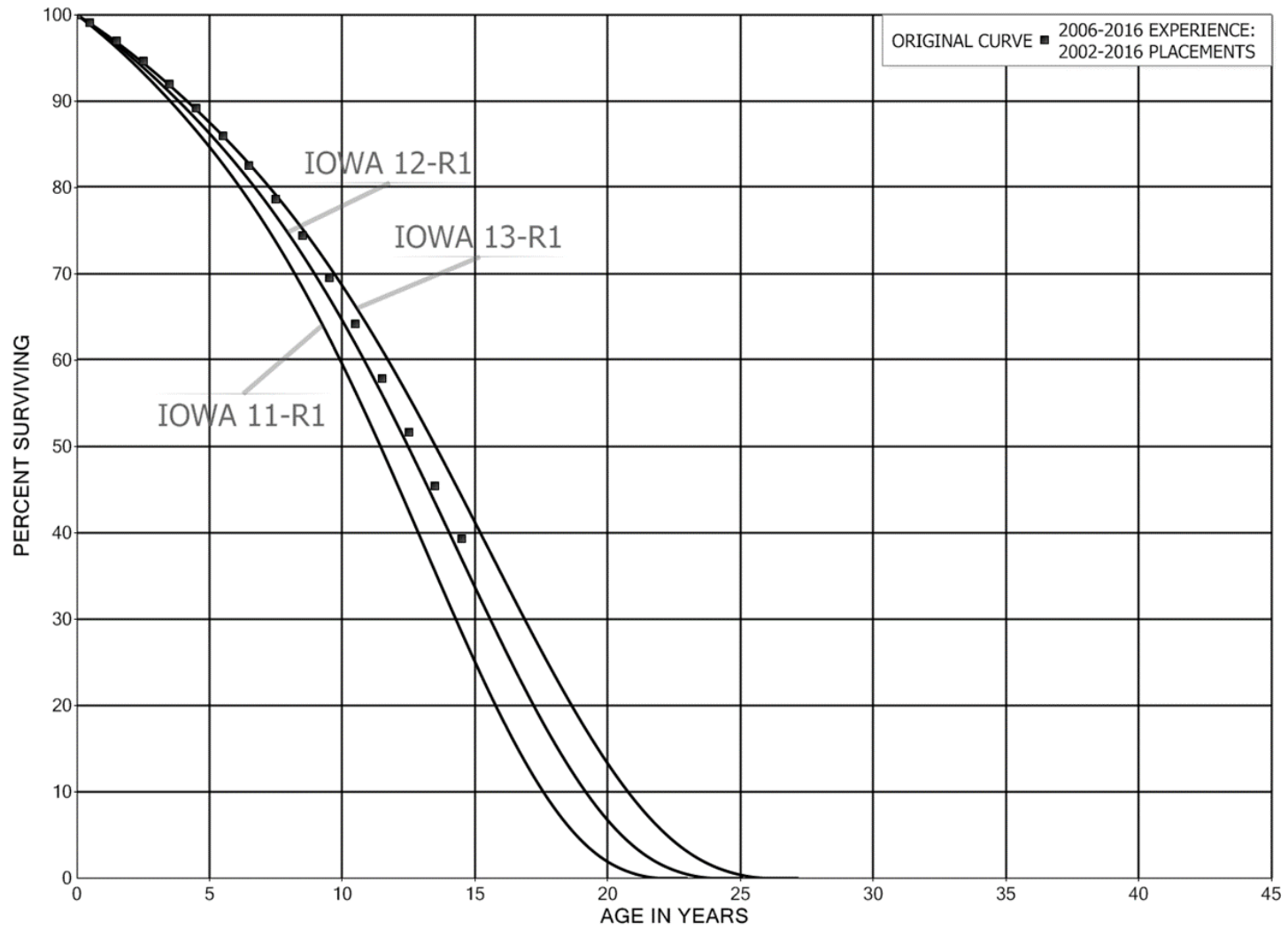
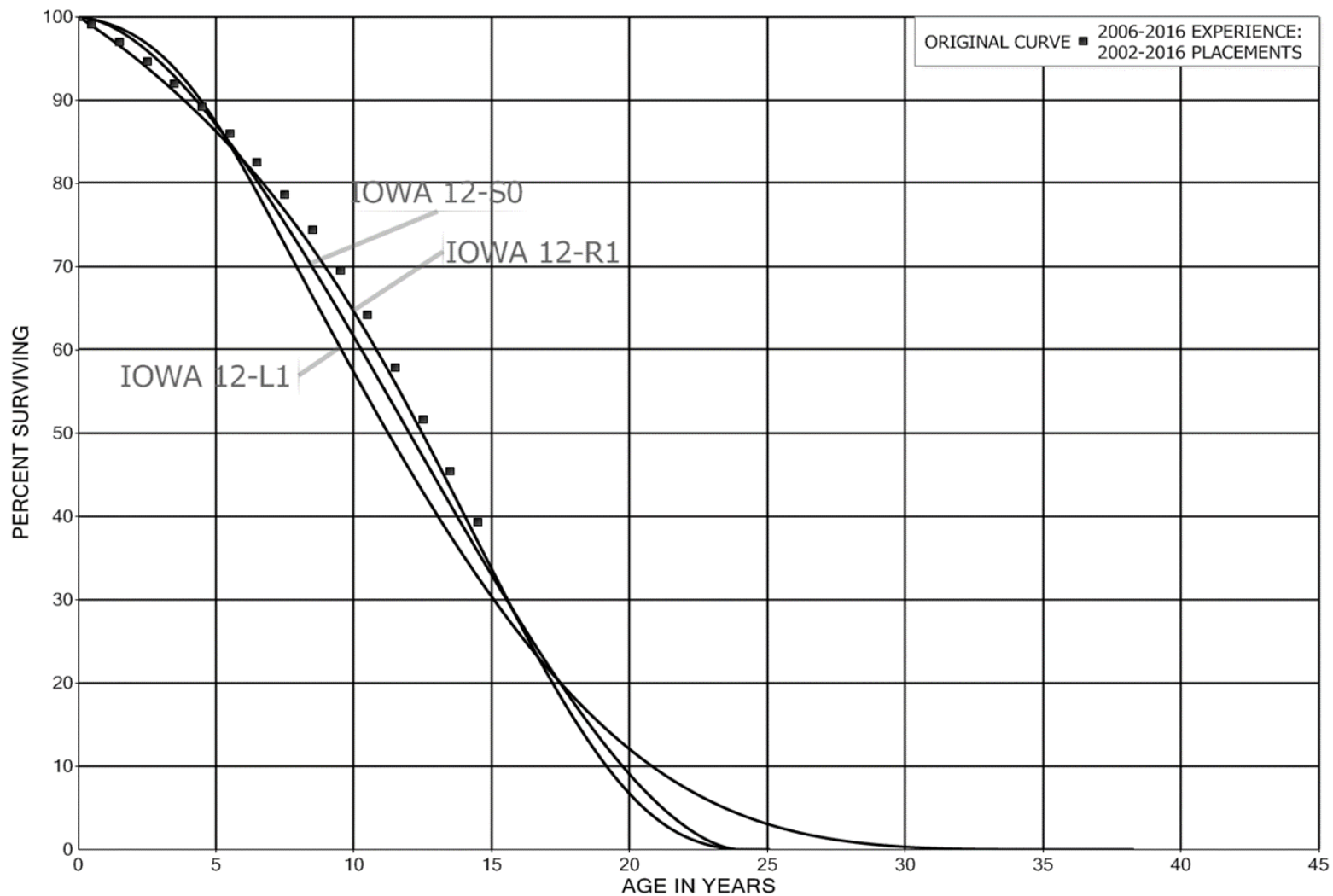




Figure 9: Illustration of the Matching of an Original Survivor Curve with an L1, R1, and S0 Iowa Type Curve Original and Smooth Survivor Curves





SECTION 10

10 ESTIMATION OF NET SALVAGE

The estimates of net salvage were based primarily on the professional judgment of Concentric, based in part on historical data, and in part through a comparison to peer companies. The analysis of historic net salvage activity considered gross salvage and cost of removal as recorded to the depreciation reserve account. Net salvages as a percentage of the cost of plant retired are calculated for each plant component on both annual and three-year moving average bases.

The net salvage percentages estimated is usually determined using the “Traditional Approach” for net salvage estimation. When a utility retires plant, the plant may be: (1) sold to a third party; (2) reused by the utility for additional service; (3) abandoned in place; or (4) physically removed. In the circumstances where the plant is sold or re-used, a salvage proceeds (or positive salvage amount) is normally recognized. In circumstances where the plant is abandoned in place or physically removed, a cost of removal expenditure (or negative salvage) is incurred. The net of these estimated gross salvage proceeds and the estimated costs of removal are expressed as a percentage of the account’s original cost to determine a net salvage percentage. In the circumstances where the salvage proceeds exceed the costs of retirement, a net positive salvage percentage exists. In the circumstances where the costs of removal exceed the salvage proceeds, a net negative salvage as a percentage of the original cost is the result.

The estimation of the net salvage as a percentage of original cost as developed using the traditional approach, includes the following five steps.

1. The annual retirement, gross salvage and cost of removal transactions for the period of analysis is extracted from the plant accounting systems.
2. A net salvage amount (gross salvage proceeds less cost of retirement) is calculated for each historic year. Additionally, a net salvage amount is also calculated for each historic three-year rolling band and the most recent five-year rolling band.
3. The net salvage amount determined above is compared to the original booked costs retired for each period in the manner described, which results in a net salvage percentage of original costs retired for each year, in addition to three-year rolling bands and the most recent five-year rolling band. The annual, the three-year rolling average, and the most recent five-year rolling average net salvage percentages are analyzed to determine a reasonable estimated net salvage percentage. At this point the net salvage percentage is based purely upon statistical analysis.
4. Each account is then compared to the net salvage percentage currently approved, compared to peer companies, and discussed with company engineering staff. Based on the statistical analysis, the review of current and peer company net salvage percentages, and with the professional judgment of Concentric, a net salvage percentage is determined for each account.
5. The net salvage percentage is then used in the depreciation rate calculations in the technical update or report.