APPLICATION FOR APPROVAL OF THE DEPRECIATION POLICY OF THE BARBADOS LIGHT & POWER COMPANY LIMITED

SUPPLEMENTAL AFFIDAVIT OF PETER HUCK

I, **PETER HUCK**, being duly sworn make oath and say as follows:

1. For this engagement, I was employed by Duff & Phelps, LLC ("Duff & Phelps"), through an independent consultant arrangement. Since my retirement in 2014 from American Appraisal Associates, Inc., as Assistant Vice President of the electric and gas utility practice, I have completed several utility depreciation rate and useful life studies in consulting arrangements with Duff & Phelps. I am duly authorized to swear to this Affidavit.

2. I am the same Peter Huck who submitted an earlier Affidavit in this depreciation proceeding on behalf of Barbados Light & Power Company Limited ("the Applicant"). Included as part of that earlier Affidavit was a study of depreciation, as December 31, 2017, that was marked as Exhibit **"PH 1"** ("the Depreciation Study").

SCOPE OF 2019 UPDATE

3. In May 2020, we were requested by the Applicant to determine the annual depreciation and rates of the depreciable electric property of the Applicant as of December 31, 2019 ("2019 Update").

4. For the 2019 Update, the existing depreciation parameters of average service life, net salvage, and retirement dates of generating units of the Depreciation Study (Exhibit PH 1) were used to determine updated 2019 average remaining lives. Depreciation was determined based on depreciable property investment and accumulated depreciation balances as of December 31, 2019. I personally conducted all work. I attach a copy of the 2019 Update depreciation summaries as Exhibit "**PH 2**".

5. Applicant also requested 2019 updated depreciation of Generation Plant under a scenario of capital recovery of all fossil generation by 2030. Generation Plant depreciation was determined under this scenario and it is shown in the attached Exhibit **"PH 3**".

6. The definition of depreciation used in 2019 Update is the same as that used in the earlier Depreciation Study of the Applicant and is the same as that used by the U.S. Federal Energy Regulatory Commission for electric companies and is essentially the same as that employed by the U.S. National Association of Regulatory Utility Commissioners.

7. The *average service life* of a group of assets is defined as the probable number of years from the initial date the assets went into service to the average date when the assets are no longer expected to contribute economically to the enterprise. The *average remaining life* of a group of assets is defined as the probable number of years from the study date to the average date when the assets are no longer expected to contribute economically to the enterprise.

DETERMINATION OF REMAINING LIFE

8. As noted, the existing Depreciation Study parameters of average service life and retirement dates of generating units were used to determine updated 2019 average remaining lives. For the 2019 Update, the average service lives and generating retirement dates of the Depreciation Study as of December 31, 2017, were accepted without further investigation, consistent with the scope of the 2019 Update.

9. The average remaining life of each property account and generating unit are determined to calculate depreciation rates using the remaining life method.

10. For Generation Plant, remaining lives for the 2019 Update were calculated by subtracting the study date of December 31, 2019 from the estimated retirement date of each generating unit. The remaining life for each property account of Transmission and Distribution Plant and the General Plant was calculated from the age distribution of the property investment as of December 31, 2019, and from the average service life and the Iowa-type curve of retirement dispersion. Age distribution of property investment were obtained from Applicant's property accounting data and, if appropriate, further processed by standard depreciation techniques.

11. Since the Depreciation Study, Applicant has established two new property accounts - Trents Battery and LED Street Lights. These two recent property accounts were included in the 2109 Update.

CALCULATION OF DEPRECIATION AND RATES

12. The annual depreciation and depreciation rate for each account or generating unit was calculated by dividing amount to be recovered by the average remaining life. Amount to be recovered (unrecovered amount) represents the original cost investment, adjusted for net salvage, minus the accumulated depreciation reserve as of December 31, 2019. Depreciable property investment and accumulated depreciation balances as of December 31, 2019 were obtained from Applicant's property data. Summaries of 2019 Update annual depreciation and depreciation rates are shown in Exhibit **PH 2**.

13. Several of the Applicant's General Plant accounts, such as transport and computer-related accounts, based their depreciation on unit depreciation. In these cases, depreciation is not calculated using the remaining life method but rather is calculated by the whole life method in which a whole life rate is applied to assets not already fully recovered.

14. The determination of average remaining lives and calculation of depreciation of the 2019 Update used the same procedures and techniques as those used in the Depreciation Study as of December 31, 2017.

2030 GENERATION SCENARIO

15. As noted, I was requested by Applicant to calculate depreciation as of December 31,2019 under a scenario of full capital recovery of fossil generating facilities by 2030 ("2030 Scenario"). Compared to the Depreciation Study and the 2019 Update, the 2030 fossil scenario affects one generating facility – LSD #14-15. The retirement date of this generating facility was 2035 in the Depreciation Study, which represented the economic conditions and plans of the Applicant. Based on the retirement date of 2030 of this scenario, the remaining life of LSD #14-15 is decreased by five years to 10.5 years at December 31, 2019.

16. Specific property accounts associated with LSD #14-15 include:

    (a) LSD #14-15 Building

(b) LSD #14-15 Equipment
(c) Spring Garden Fuel Tank
(d) Spares LSD #14-1

17. A summary of Generation Plant annual depreciation and depreciation rates under the fossil recovery by 2030 scenario is shown in Exhibit **PH 3**.

RECOMMENDATION

18. The average remaining lives and recommended depreciation rates in the 2019 Update are designed to recover, through the depreciation expense provision, the unrecovered cost of the depreciable assets, allowing for net salvage, over the average remaining life of the assets.

19. It is my opinion that the average remaining lives and recommended depreciation rates in this 2019 Update are reasonable and appropriate for Applicant's full and timely capital recovery.

20. The reported determinations, calculations, and conclusions outlined represent my impartial and unbiased professional determinations, calculations, and conclusions and that of Duff & Phelps.

SWORN TO by the deponent) Peter Huck
the said **Peter Huck**)
this Ninth day of June)
2020, before me:)

NOTARY PUBLIC

I, Sarah Huck Notary Public in and for State of Wisconsin
do hereby CERTIFY that the execution of the foregoing Affidavit was proved before me
this Ninth day of June 2020.
Given under my hand and Seal of Office this Ninth day of June 2020.

My commission is permanent
Notary Public State of Wisconsin
Milwaukee County, Wisconsin