

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: 1990 Depreciation Study)
of West Florida Natural Gas Company)
_____)

DOCKET NO. 900597-GU
ORDER NO. 24332
ISSUED: 4/5/91

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
J. TERRY DEASON
BETTY EASLEY
GERALD L. GUNTER
MICHAEL McK. WILSON

NOTICE OF PROPOSED AGENCY ACTION

ORDER REVISING DEPRECIATION
RATES AND RECOVERY SCHEDULE

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Rule 25-7.045, Florida Administrative Code, requires natural gas companies to file a comprehensive depreciation study once every five years. West Florida Natural Gas (WFNG) Company filed its 1990 study in compliance with this rule. The last comprehensive depreciation study for WFNG was effective July 1, 1985.

As a result of our comprehensive review of the Company's depreciation study, we will prescribe the depreciation rates and components shown on Attachment 1.

The Company has proposed reserve transfers from the General Structures Account to Autos and Trucks, though such transfers were not used in their calculations of proposed rates. We accept the desirability of these specific transfers, as shown on Attachment 2 which are intended to bring the affected accounts more closely in line with their "theoretical" reserve. We also accept Staff's recommendation, as shown on Attachment 2, to transfer an amount from the surplus in Data Equipment to offset the deficit in Communications Equipment.

We adopt the depreciation rates as shown on Attachment 1. These rates include the reserve transfers discussed above. These rates also include the effect of a five year amortization of

DOCUMENT NUMBER-DATE

03337 APR-5 1991

PS&C-RECORDS/REPORTING

ORDER NO. 24332
DOCKET NO. 900597-GU
PAGE NO. 2

\$21,366 annually to correct the understatement of \$106,830 of depreciation expense for the period 1987-1990, as shown on Attachment 3.

Based on the foregoing, it is

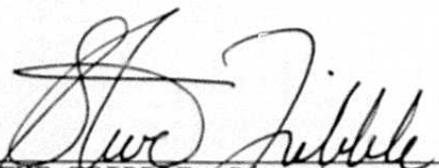
ORDERED by the Florida Public Service Commission that the remaining lives, net salvage values, reserve values, and resultant depreciation rates shown on Attachment 1 are approved for West Florida Natural Gas Company. It is further

ORDERED that the effective date for these rates shall be July 1, 1990. It is further

ORDERED that this Order shall become final unless an appropriate petition for formal proceeding is received by the Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date indicated in the Notice of Further Proceedings or Judicial Review. It is further

ORDERED that if no substantially affected person timely files a request for hearing or notice of appeal this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 5th
day of APRIL, 1991.



STEVE TRIBBLE, Director
Division of Records and Reporting

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R V E

ORDER NO. 24332
DOCKET NO. 900597-GU
PAGE NO. 3

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on April 26, 1991.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

ORDER NO. 24332
 DOCKET NO. 900597-GU
 PAGE 4

ATTACHMENT 1

WEST FLORIDA NATURAL GAS CO.
 DEPRECIATION STUDY
 (Rates and Components Effective July 1, 1990)

ACCOUNT	ORDERED DEPRECIATION RATES			
	REM. LIFE yr.s	NET SALV. %	RESV. %	DEPR. RATE %
Distrib. Plant -				
Mains - Plastic	34	(30)	17.3	3.3
- Other	21	(30)	60.8	3.3
M. & R./General	33	(5)	5.0	3.0
" City Gate	17.7	(5)	54.1	2.9
Svc.s - Plastic	35	(25)	16.9	3.1
- Other	24	(25)	38.6	3.6
Meters	16.2	0	37.1	3.9
Meter Installs.	31	(5)	33.1	2.3
Regulators	18.1	0	35.5	3.6
Reg. Installs.	30	(5)	19.4	2.9
General Plant -				
Struct. & Improv.	40	0	1.4	2.5
Ofc. Furniture	15.4	0	14.3	5.6
Data Equip. Embed.	1.8	0	79.5	11.4
" " New adds	6.0	0	0	16.7
Office Equip.	5.1	0	34.4	12.9
Transp.-Autos	3.0	25	30.0	15.0
Transp.-Trucks	2.7	10	55.2	12.9
Tools	9.8	0	50.3	5.1
Power Op. Equip.	5.7	0	58.9	7.2
Communic. Equip.	5.6	0	19.9	14.3

ORDER NO. 24332
 DOCKET NO. 900597-GU
 PAGE 5

ATTACHMENT 2

WEST FLORIDA NATURAL GAS CO.
 DEPRECIATION STUDY
 (Effective July 1, 1990)

ACCOUNT	ORDERED TRANSFER OF DEPRECIATION RESERVE		
	CORRECTED* RESERVE	TRANSFER	RESULTANT RESERVE
	\$	\$	\$
Struct. & Improv.	127,228	(111,856)	15,372
Transp.-Autos	(3,529)	21,975	18,446
Transp.-Trucks	<u>124,707</u>	<u>89,881</u>	<u>214,588</u>
Totals	248,406	0	248,406
Data Equip.	258,054	(42,782)	215,272
Communic. Equip.	<u>(30,927)</u>	<u>42,782</u>	<u>11,855</u>
Totals	227,127	0	227,127

* Includes corrections of reserve as provided by the Company and shown on Attachment 3.

ORDER NO. 24332
 DOCKET NO. 900597-GU
 PAGE 6

ATTACHMENT 3

WEST FLORIDA NATURAL GAS CO.
 DEPRECIATION STUDY
 (Effective July 1, 1990)

ACCOUNT	CORRECTION FOR UNDERSTATEMENT OF RESERVE UNDER		
	BOOK RESERVE	CORRECTED* RESERVE	(OVER) STATEMENT
	\$	\$	\$
Mains	3,591,799	3,650,470	58,671
Meters	637,131	636,659	(472)
Struct. & Improv.	147,133	127,228	(19,905)
Ofc. Furn.	25,583	26,692	1,109
Data Equip.	208,581	258,054	49,473
Ofc. Equip.	7,091	7,971	880
Trucks	130,252	124,707	(5,545)
Tools	57,520	63,344	5,824
Pwr. Op. Equip.	<u>110,723</u>	<u>127,518</u>	<u>16,795</u>
Totals	4,915,813	5,022,643	106,830

* Includes corrections of reserve as provided by the Company.

The \$106,830 understatement of reserve is to be amortized over five years, beginning July 1, 1990. The resulting annual expense is \$21,366.