

REQUEST TO ESTABLISH DOCKET
(PLEASE TYPE)

Date 11-20-01

Docket No. 011595-GU

1. Division Name/Staff Name Economic Regulation (P. Lee)
2. OPR ECR - P. Lee
3. OCR LEG - L. Dobson
4. Suggested Docket Title Request by Indiantown Gas Company, Inc. for depreciation rates for new account

5. Suggested Docket Mailing List (attach separate sheet if necessary)

- A. Provide NAMES OR ACRONYMS ONLY if a regulated company.
- B. Provide COMPLETE NAME AND ADDRESS for all others. (Match representatives to companies.)
 1. Parties and their representatives (if any):

<u>Indiantown Gas Company, Inc.</u>	_____
<u>OPC</u>	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. Interested persons and their representatives (if any):

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

6. Check one:

- Documentation is attached.
 Documentation will be provided with recommendation.

INDIANTOWN

Gas company, inc.



CLEAN AND EFFICIENT NATURAL GAS AND PROPANE GAS FOR ALL YOUR ENERGY NEEDS

October 2, 2001

Ms. Pat Lee
Audit Finance & Accounting Division
Florida Public Service Commission
2540 Shumard Oaks Blvd.
Tallahassee, FL 32399

ECONOMIC REGULATION

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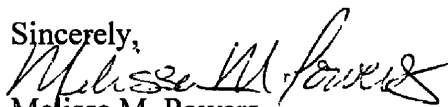
REGISTRATION SERVICE

RE: Depreciation Rates for Transportation & Building Plant

Dear Ms. Lee:

In July 2000, I submitted a letter requesting approval of depreciation rates for plant accounts for which we have not had rates approved. These were 101.390 Building/Structures and 101.392 Transportation. The rates we requested are 3.23% and 16.67% respectively. As I outlined in the letter, I have used these rates in the interim until receipt of final approval. If possible I would like to have something formally approved by year end.

I have enclosed a copy of the original letter sent on July 24, 2000 for your convenience. The vehicles involved to date remain the same with the addition of a 2000 Chevy Service Van. I thank you for your assistance in this matter. Please contact me if you have any questions.

Sincerely,

Melissa M. Powers
Chief Financial Officer
Indiantown Gas Company

July 24, 2000

Ms. Pat Lee
Audit Finance & Accounting Division
Florida Public Service Commission
2540 Shumard Oaks Blvd.
Tallahassee, FL 32399

RE: Depreciation Rates for Transportation & Building Plant

Dear Ms. Lee:

It was brought to my attention in my previous talks with Jeanette Sickle that Indiantown Gas Company needed to request approval for depreciation rates on two plant accounts (390 - Building/Structures, and 392 - Transportation) for which rates have not previously been approved. Both accounts were added subsequent to the 1992 Depreciation Study and prior to the most recent study for 1997. Prior to establishment of these accounts these assets were classified under the non-utility accounts. It was recommended during our recent Earnings Surveillance Audit that these be reclassified to utility accounts.

The first account, 390 - Building/Structures, includes the original cost of the gas company building which was purchased some 35 years ago plus a small addition of storm shutters. The balance in this account as of year end 1999 was \$12,485 with a reserve balance of \$9320.73. The value of this asset will greatly increase in FY 2000 as we are in the midst of a major remodeling project. We have been using a depreciation rate of 3.23% (about 31 years) for this account and are requesting approval for this rate.

The second account, 392 - Transportation, includes 4 vehicles consisting of one heavy service truck (1 ton), one lighter duty service truck (less than 1 ton), and two fleet vehicles with a total value of \$98,652.82. Our corresponding accumulated depreciation balance for year end 1999 was \$22,217.27. Originally all of our transportation plant was classified non-utility until our 1992 CPR audit at which point we were instructed to make a 50/50 split between utility and non-utility. Upon completion of our 1997 Earnings Surveillance Audit, we were instructed to put the total vehicle plant, with the exception of strictly non-utility propane transport trucks, under utility classification.

In the past we have used a 10% (10 year) depreciation rate which we have found did not meet our needs. We are turning over vehicles prior to the 10 years and not recovering our investment through depreciation and salvage. Our current usage shows that our service trucks have a life of about 7 years while our fleet vehicles last about 5 years or less (based primarily on a 100,000

miles usage). We are requesting a total transportation depreciation rate of 16.67% (6 years) for this plant classification. The current vehicle make-up of this classification is as follows:

Ford F-350 Service Truck	1995
Dodge 2500 Service Truck	1996
Ford F-150	1998
Chrysler Car	1999

Indiantown Gas Company is currently using the above requested depreciation rates as interim rates until such time as FPSC approval is granted. We will await your response on these matters. If you should need any further information please let me know. Thank you for your assistance.

Sincerely,

Melissa M. Powers
Chief Financial Officer
Indiantown Gas Company