

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for depreciation  
rates for new accounts, by  
Indiantown Gas Company.

DOCKET NO. 011595-GU  
ORDER NO. PSC-01-2490-PAA-GU  
ISSUED: December 20, 2001

The following Commissioners participated in the disposition of  
this matter:

E. LEON JACOBS, JR., Chairman  
J. TERRY DEASON  
LILA A. JABER  
BRAULIO L. BAEZ  
MICHAEL A. PALECKI

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING REQUEST FOR DEPRECIATION RATES FOR NEW ACCOUNTS,  
BY INDIANTOWN GAS COMPANY, INC.

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  
substantially affected files a petition for a formal proceeding,  
pursuant to Rule 25-22.029, Florida Administrative Code.

CASE BACKGROUND

Rule 25-7.045, Florida Administrative Code, requires gas  
companies to file comprehensive depreciation studies at least once  
every five years. On July 9, 1998, Indiantown Gas Company, Inc.  
(Indiantown) filed its regular depreciation study in accordance  
with this rule. By Order No. PSC-99-0048-FOF-GU, issued January 5,  
1999, in Docket No. 980845-GU, revised depreciation rates were  
prescribed for Indiantown, effective January 1, 1998. In  
accordance with Rule 25-7.045(8)(a), Florida Administrative Code,  
the company's next regular comprehensive depreciation study is due  
to be submitted by July 9, 2003.

DOCUMENT NUMBER-DATE

15876 DEC 20 2001

FPSC-01-2490-PAA-GU CLERK

On October 2, 2001 Indiantown submitted a letter advising of the establishment of two new plant accounts: Account 390, Structures, and Account 392, Transportation. In accordance with Rule 25-7.045 (2)(b), Florida Administrative Code, Indiantown has requested depreciation rates for these accounts. According to Indiantown, prior to the establishment of these accounts, the related assets were classified as non-utility assets. As a result of a 1997 Earnings Surveillance Audit, the investments were reclassified to regulated accounts.

#### CONCLUSION

Account 390-Structures, includes the original cost of the gas company building plus a small addition of storm shutters. About 95% of the current investment relates to a major remodeling project in 2000. The company proposes a 31 year average service life with zero net salvage, resulting in a 3.2% whole life depreciation rate. We find this proposal acceptable recognizing the young age of the investment.

Account 392-Transportation, includes five vehicles consisting of one heavy service truck, one lighter duty service truck, and three fleet vehicles. The company proposed 6-year average service life is based on its current usage of 100,000 miles. While the company proposes zero salvage, we believe some allowance for salvage should be recognized for trade-ins or sales. Therefore, we approve the use of a 6-year average service life, 10% salvage value, resulting in a 15.0% depreciation rate for use until the next comprehensive study is filed.

Therefore, it is ordered that depreciation rates as shown below should be prescribed for the two new accounts established for Structures (Account 390) and Transportation (Account 392).

| Account              | Average Service Life | Net Salvage | Depreciation Rate |
|----------------------|----------------------|-------------|-------------------|
|                      | (Yrs.)               | (%)         | (%)               |
| 390 - Structures     | 31                   | 0           | 3.2               |
| 392 - Transportation | 6                    | 10          | 15.0              |

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These depreciation rates are effective as of January 1, 2001, as this is the earliest practicable date for implementation.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the current depreciation rates for Structures (Account 390) and Transportation (Account 392) are approved as set forth in this Order. It is further

ORDERED that the effective date for these revised depreciation rates and reserve transfer shall be January 1, 2001. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that in the event this Order becomes final, this Docket shall be closed.

By ORDER of the Florida Public Service Commission this 20th day of December, 2001.

BLANCA S. BAYÓ, Director  
Division of the Commission Clerk  
and Administrative Services

By: Kay Flynn  
Kay Flynn, Chief  
Bureau of Records and Hearing  
Services

( S E A L )

LHD

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, 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 will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on January 10, 2002.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

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.