

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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COMMISSION CLERK

DATE: JANUARY 9, 2003

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK AND ADMINISTRATIVE SERVICES (BAYO)

FROM: DIVISION OF ECONOMIC REGULATION (BRINKLEY) *MB JS DM*
OFFICE OF THE GENERAL COUNSEL (RODAN) *JAR*

RE: DOCKET NO. 021191-GU - PETITION FOR APPROVAL OF NEW ACCOUNT AND TREATMENT OF COSTS ASSOCIATED WITH RIGHT-OF-WAY EXPENSES BY FLORIDA PUBLIC UTILITIES COMPANY.

AGENDA: 01/21/03 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\ECR\WP\021191.RCM

CASE BACKGROUND

Florida Public Utilities Company (FPUC or the Company) provides natural gas service in portions of Palm Beach County. Within Palm Beach County, property in Lantana is accessible by crossing over railroad tracks owned by Florida East Coast Railway Company (FEC). FEC performs periodic maintenance of these tracks and charges FPUC for the costs in exchange for right-of-way access. In 2002, FPUC was billed \$40,509.

FEC advised FPUC that these maintenance activities should be expected to occur roughly every six years. For this reason, FPUC seeks approval to amortize right-of-way maintenance costs over six years and to record them in a new account. The Commission has jurisdiction over this matter pursuant to Section 366.04(2)(a), Florida Statutes, and Section 366.05(1), Florida Statutes.

DOCUMENT NUMBER-DATE

00261 JAN-98

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DISCUSSION OF ISSUES

ISSUE 1: Should Florida Public Utilities Company be allowed to amortize over six years the right-of-way maintenance costs charged to them by Florida East Coast Railway Company?

RECOMMENDATION: Yes. Staff recommends that \$40,509 in right-of-way costs be amortized over a six year period beginning June 1, 2002 and that a new account, "Account 389.2 - Rights-of-way," be created in order to track these costs. (BRINKLEY)

STAFF ANALYSIS: FPUC employees have to cross a railroad track owned by FEC in order to access regulated utility property in Lantana, Florida. FEC charged FPUC for maintenance costs in exchange for granting FPUC right-of-way access to its property. Staff believes that it is appropriate to amortize these charges because right-of-way fees are amortizable and these charges really are right-of-way fees.

On June 4, 2002, FEC invoiced FPUC for maintenance work done at that crossing. Staff believes that June 1, 2002, is an appropriate date to begin amortizing this fee.

FEC advised FPUC that maintenance to that right-of-way is expected to last six years. For this reason, staff recommends an amortization period of six years for the right-of-way/maintenance fees.

Right-of-way fees are capitalized in specific accounts in the Uniform System of Accounts (USOA). The USOA provides for right-of-way fees to be recorded in several accounts relating to Production, Storage, and Transmission, but not in General Plant. Because General Plant better represents the activities related to the Lantana crossing, staff believes it is appropriate to create an account there in order to track these FEC charges. To be consistent with the naming and numbering scheme devised by the USOA, the new account should be "Account 389.2 - Rights-of-way" and "Account 389 - Land and land rights" should be renumbered to be "Account 389.1 - Land and land rights."

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, this docket should be closed upon the issuance of a Consummating Order unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the PAA Order. (RODAN)

STAFF ANALYSIS: If no timely protest is received within 21 days from the date of the PAA Order, this docket should be closed upon the issuance of a Consummating Order.